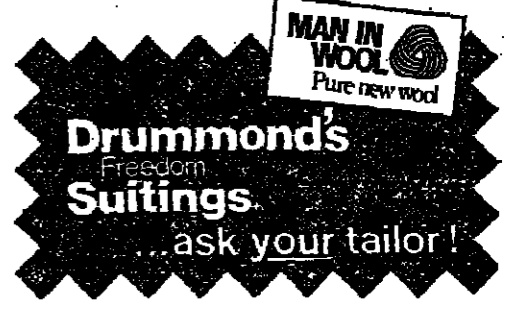


CONTINENTAL SELLING PRICES: AUSTRIA S.15; BELGIUM F.25; DENMARK Kr.3.5; FRANCE F.3.0; GERMANY DM2.0; ITALY L.500; NETHERLANDS FL.2.0; NORWAY Kr.3.5; PORTUGAL Esc.20; SPAIN Ptas.40; SWEDEN Kr.3.25; SWITZERLAND Fr.2.0; EIRE 12p



NEWS SUMMARY

Plan to soothe nuclear fears... ENVIRONMENTAL protection interests may be given a say in the running of Britain's first big fast breeder reactor power station.

Hardening... The toolmakers' strike enters its fourth week today with union attitudes hardening all round towards men whom officials see as threatening the whole bargaining structure of the company as well as its future as a volume car producer.

Oil price rise... SAUDI ARABIA is failing to meet its target for higher oil production. It is unlikely to boost output significantly.

Industry aid scheme has good response... THE GOVERNMENT'S £100m. Government funds selective investment scheme, which aims to encourage companies to embark on major capital projects, is off to a flying start.

New clashes in Italy as police occupy university... by mass student demonstrations in protest against the killing of a Left-wing medical student.

Singapore journalist detained... Mr. Ho was fined \$37,000 (£1,740) last January after pleading guilty to charges of disseminating secret military information.

Some... er invest... wing... farm... in them...

Wigan... Wigan landed his 29th cap of the National team when he scored a 4-4 Sandown winner.

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Leyland falls £30m. short of target after loss on cars

BY TERRY DODSWORTH and CHRISTIAN TYLER

British Leyland's car group had failed to make the financial recovery required by the Government long before the eruption of the present toolmakers' strike, figures due for publication on Friday indicate.

The disappointing results from already occurred, getting out of the company's troubled car losses much more swiftly than the 1976 financial year. Leyland as a whole fell £30m. short of the £100m. profit it was confidently expecting last autumn.

But the major part of the £120m. loss of 1976 was due to the international group, which reaped the benefit of sterling's devaluation. It is not clear how far Leyland will go towards publicly attributing the results of different product groups when it presents its preliminary figures on Friday.

Nevertheless, it has been apparent for some time that senior Leyland executives have been worried about the financial trends in the car group as well as the patchy record of industrial relations in the last 18 months. The forecast on which the Government-backed investment plans depend foresaw car activities, helped by financial restructuring which has

New clashes in Italy as police occupy university

BY PAUL BETTS and DOMINICK J. COYLE

FRESH CLASHES between police and demonstrators broke out tonight in Bologna, less than 24 hours after an unprecedented wave of violence had swept across several major Italian cities.

The latest trouble erupted after Bologna University was occupied by police armoured vehicles. The city centre was the scene of battles between crowds of protesters armed with petrol bombs and riot police using tear gas grenades.

Mr. Senkuttuvan, 34, is a naturalised Singapore citizen of Indian origin and the Singapore Government has the power to revoke his citizenship under the Bankruptcy Act.

Singapore journalist detained

BY OUR FOREIGN STAFF

THE SINGAPORE Government warned Mr. Arun Senkuttuvan, the Financial Times correspondent in Singapore, that his detention in Singapore without trial since February 15, that his citizenship would be revoked, according to his lawyers.

Statement by the FT

Mr. Arun Senkuttuvan, correspondent for the Financial Times in Singapore, was detained in Singapore on February 15 under the Singapore Internal Security Act, which provides for detention without trial of persons acting in a manner prejudicial to the security of Singapore.

Inchcape \$25m. Eurobond issue

BY KEITH LEWIS

INCHCAPE, the international trading group headed by the Earl of Inchcape, is to raise \$25m. on the Eurobond market through a convertible issue, the first major fund-raising exercise of this kind for over four years.

The new Inchcape bonds, dated 1982 and to be issued by Inchcape (Bermuda), a wholly-owned subsidiary, are expected to carry a coupon of 7 per cent. and will be convertible on or after October 15, 1977.

The Inchcape issue, which is seen as an indication of the revival of international confidence in the U.K., is accompanied by a profits forecast and news that the Treasury has granted Inchcape exemption from current U.K. dividend control legislation.

Inchcape, whose interests range over general merchanting, motor distribution, timber and construction, insurance broking, engineering and marine operations, derives over 80 per cent. of its profits from outside the U.K.

The relaxation in dividend policy will allow the Board to establish dividend policy by reference to normal commercial criteria.

French Left gains in local elections

BY ROBERT MAUTHNER

FRANCE'S OPPOSITION Union of the Left, grouping the Socialists, Communists and Left-wing Radical parties, tonight made substantial gains in the first round of the municipal elections. But these fell short of a landslide, according to first results and computer projections.

Throughout the country the Union of the Left appeared to have made gains of about 4 per cent. and was estimated to have won in the region of 82 per cent. of the total vote against the ruling coalition parties' 46 to 47 per cent.

In Paris, the gamble by M. Jacques Chirac, the Gaullist leader, who split the Government coalition by his decision to run against President Giscard d'Estaing's candidate, M. Michel d'Ornano, the Industry Minister, looks like coming off.

The former Premier's lists were leading those of M. d'Ornano in most of the capital's constituencies, but in his own district M. d'Ornano himself was well ahead of M. Chirac's candidate, though trailing the Socialists by a very large margin.

Industry aid scheme has good response

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

THE GOVERNMENT'S £100m. Government funds selective investment scheme, which aims to encourage companies to embark on major capital projects, is off to a flying start.

Only one month after the formal launch in mid-December, the Department of Industry had received 19 applications for assistance with projects which would involve total expenditure of £54m.

The scheme was designed as a successor to the accelerated projects scheme but broadened so as to include, at the Department's discretion, any project costing more than £500,000 which might not have gone forward in the absence of

French Left gains in local elections

PARIS, March 13.

try, the champagne capital of Rheims changed hands and went Communist after 18 years of Gaullist local rule.

M. Gaston Defferre, the deputy leader of the Socialist Party, was in a strong position in his district of Marseilles, where his lists were in the lead in seven out of eight constituencies, while another leading Socialist, M. Pierre Mauroy, was set to win the important northern industrial town of Lille next week.

Paris, long a Gaullist stronghold, was one of the few exceptions to the widespread swing to the Left. But it is likely to remain a bone of contention between the Gaullists and the other coalition parties during the week before the vital run-off.

Though M. Chirac has indicated that his candidates will stand down in favour of M. d'Ornano's lists in the constituencies where they are in a less favourable position, it is not entirely clear whether M. d'Ornano is prepared to make the same sacrifice. Legally, all lists obtaining at least 12.5 per cent. of the vote in towns of over 30,000 can go through to the next round.

The ecologist lists appear to have done well, particularly in the capital but have not picked up enough votes in most cases to go through to the second round. In Paris as a whole they won about 10 per cent. of the vote and in one district as much as 16 per cent.

Ecologist votes could therefore play an important role in the second round in those constituencies in which there is a close fight, though many ecologist candidates have said that they are not prepared to vote for any of the traditional parties.

Industry aid scheme has good response

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The scheme was designed as a successor to the accelerated projects scheme but broadened so as to include, at the Department's discretion, any project costing more than £500,000 which might not have gone forward in the absence of

BANQUE EUROPEENNE DE CREDIT BEC EUROPEAN CREDIT BANK advertisement with logo and contact information.



# Leningrad Symphony

Leningrad (Seventh) Symphony of Shostakovich is a work of emotion not so much in tranquility but in a sense of urgency. It is a work that has been performed in Leningrad when the city was under the Soviet flag and remained in the city when it was under the German flag. The score was written in the city during the siege, and it is a work that has been performed in Leningrad when the city was under the Soviet flag and remained in the city when it was under the German flag.

...the music is a work of emotion not so much in tranquility but in a sense of urgency. It is a work that has been performed in Leningrad when the city was under the Soviet flag and remained in the city when it was under the German flag.

# St. John Passion

English movement towards authentic performance of music has reached an important milestone. Two years ago, the choir of the Royal College of Music presented a performance of the St. John Passion with small soloists from the choir and a chamber orchestra. The result was a performance that was both authentic and moving.

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# Saltarello Choir

The Saltarello Choir under the direction of Bernard Salter, is a choir that has been performing for many years. They have a repertoire of music that is both challenging and rewarding. Their performance of the Requiem Mass is particularly noteworthy.

...The Saltarello Choir under the direction of Bernard Salter, is a choir that has been performing for many years. They have a repertoire of music that is both challenging and rewarding.



Brigid Turner, Ralph Nossek, Dave Hill

# The Cherry Orchard

The Cherry Orchard is a play by Anton Chekhov, set in a country estate in Russia. The play is a comedy that deals with the lives of the people who live on the estate as it is about to be sold to a capitalist. The play is a masterpiece of Chekhov's art, and it is a work that has been performed in many different languages.

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# Arabella

Richard Strauss's opera Arabella is a comic opera that is set in Vienna. The opera is a masterpiece of Strauss's art, and it is a work that has been performed in many different languages. The opera is a comedy that deals with the lives of the people who live in Vienna.

...Richard Strauss's opera Arabella is a comic opera that is set in Vienna. The opera is a masterpiece of Strauss's art, and it is a work that has been performed in many different languages.

# International Arts Centre

The International Arts Centre is a non-profit organization that is dedicated to the promotion of the arts. The center has a number of programs and activities that are designed to support the arts in the community.

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# English Chamber Orchestra

The English Chamber Orchestra is a chamber orchestra that was founded in 1959. The orchestra is known for its high standards of performance and its commitment to the promotion of the chamber music repertoire.

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# Academy of Ancient Music

The Academy of Ancient Music is a chamber orchestra that was founded in 1973. The academy is known for its high standards of performance and its commitment to the promotion of the early music repertoire.

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# Arts news in brief

Arts news in brief: A list of short news items related to the arts, including information about upcoming performances, exhibitions, and events.

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# ENTERTAINMENT GUIDE

OPERA & BALLET	THEATRES	THEATRES	CINEMAS
<p><b>COLLEUM</b> 01-436 5161. (Circus) Card bookings 01-436 5161. ENGLISH NATIONAL OPERA. Tuesday 8.00. Wednesday 7.30. Thursday 7.30. Friday 7.30. Saturday 7.30. Sunday 7.30. Performance: The Barber of Seville. Tickets: £10.00. £7.50. £5.00. £2.50. £1.00. £0.50. £0.25. £0.10. £0.05. £0.02. £0.01.</p> <p><b>COVENT GARDEN</b> 01-436 5161. (Circus) Card bookings 01-436 5161. THE ROYAL OPERA. Tuesday 8.00. Wednesday 7.30. Thursday 7.30. Friday 7.30. Saturday 7.30. Sunday 7.30. Performance: The Barber of Seville. Tickets: £10.00. £7.50. £5.00. £2.50. £1.00. £0.50. £0.25. £0.10. £0.05. £0.02. £0.01.</p>	<p><b>AVRIL ANGERS AND DEREK BOND</b> in <b>MURDER AT THE VICARAGE</b> with GREATLY ENLARGED CAST. 01-436 4401. 8.00. 7.30. 7.00. 6.30. 6.00. 5.30. 5.00. 4.30. 4.00. 3.30. 3.00. 2.30. 2.00. 1.30. 1.00. 0.30. 0.00.</p> <p><b>GARRICK THEATRE</b> 01-436 4401. 8.00. 7.30. 7.00. 6.30. 6.00. 5.30. 5.00. 4.30. 4.00. 3.30. 3.00. 2.30. 2.00. 1.30. 1.00. 0.30. 0.00.</p>	<p><b>RAYMOND REVUEBAR</b> 01-734 1593. At 7 p.m. 8.00. 7.30. 7.00. 6.30. 6.00. 5.30. 5.00. 4.30. 4.00. 3.30. 3.00. 2.30. 2.00. 1.30. 1.00. 0.30. 0.00.</p> <p><b>ROYAL COURT</b> 01-436 4401. 8.00. 7.30. 7.00. 6.30. 6.00. 5.30. 5.00. 4.30. 4.00. 3.30. 3.00. 2.30. 2.00. 1.30. 1.00. 0.30. 0.00.</p>	<p><b>ABC 2</b> 2, Shaftesbury Ave. 01-436 4861. 8.00. 7.30. 7.00. 6.30. 6.00. 5.30. 5.00. 4.30. 4.00. 3.30. 3.00. 2.30. 2.00. 1.30. 1.00. 0.30. 0.00.</p> <p><b>ABC 1</b> 1, Shaftesbury Ave. 01-436 4861. 8.00. 7.30. 7.00. 6.30. 6.00. 5.30. 5.00. 4.30. 4.00. 3.30. 3.00. 2.30. 2.00. 1.30. 1.00. 0.30. 0.00.</p>

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OVERSEAS NEWS

Palestinian council may ease way to peace talks

BY ROBERT GRAHAM

CAIRO, March 13.

THE PALESTINIAN National Council, the supreme representative body of the Palestinians, is expected to adopt measures which will leave the door open for eventual participation in a re-convened Geneva peace conference.

Originally consisting of 42 members but now around 37, acts as the co-ordinator between the PNC and the PLO executive committee - the central arm of the resistance movement.

At the same time the central council will be expanded to include "independents" not associated with the resistance movement.

Nine to discuss farm price rise

BY ROBIN REEVES

BRUSSELS, March 13.

EEC NEGOTIATIONS which could have considerable influence on the next phase of the U.K. pay policy begin here to-morrow.

Government to maintain its hard line against the Commission's present package. This calls for an average increase in EEC common prices of 8.3 per cent.

as the only country seeking lower price rises than the Commission proposed. The majority of Agriculture Ministers thought they were barely adequate or wholly inadequate to meet the needs of their agricultural industries.

Amnesty fails to end Basque violence

By Roger Matthews

MADRID, March 13.

A MEMBER of Spain's paramilitary Guardia Civil was shot and killed in the Basque town of Mondragon early to-day, and two colleagues wounded.

Portugal will apply to join EEC this month

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

BRUSSELS, March 13.

DR. MARIO SOARES, the Portuguese Prime Minister, concluded his tour of EEC capitals this week-end with a forceful reaffirmation of his Government's intention to apply by the end of this month for full membership of the European Community.

Dr. Soares appeared undaunted by recent indications that some EEC governments, notably the French, are stiffening in their attitude towards Portugal's application.

Saudis lag in bid to curb oil price rise

By Richard Johns

RIYADH, March 13.

SAUDI ARABIA lagged further behind last month in its efforts to force down the average increase in the price of oil charged by other members of the Organisation of Petroleum Exporting Countries.

Genscher flies out for talks with Carter

By Adrian Dicks

BONN, March 13.

THE WEST German Foreign Minister, Herr Hans-Dietrich Genscher, flew to Washington to-day for talks with President Jimmy Carter and Secretary of State Cyrus Vance.

Turkey loan

By Metin Munir

ANKARA, March 13.

MR. IHSAN Sabri Caglayanli, the Turkish Foreign Minister, to-day left here for a three-day official visit to the Soviet Union.

Cool welcome for Gandhi in Uttar Pra

BY DAVID HOUSEGO

LUCKNOW

MRS. GANDHI's student campaign call through her home state of Uttar Pradesh has been little sign as yet of rolling back the tide of resentment against Congress unleashed since the announcement of elections.

At Kanpur, 50 miles south of here, part of the crowd last night drifted away during Mrs. Gandhi's 20-minute speech after she had told them that poverty could not be removed in five years.

good showing in her home province both to gain a majority in Parliament and also to strengthen her hand in the important bargaining for power between Congress factions after the results have been declared.

But it is far from clear that this depth of a swing in vote instances are so ally in favour.

Chilean junta dissolves parties

BY HUGH O'SHAUGHNESSY

BUENOS AIRES, March 13.

IN A fierce new political crackdown, Gen. Augusto Pinochet and the Chilean military junta have dissolved the Christian Democratic Party, the conservative National Party, and two smaller right-of-centre groups.

Czech dissident dies of brain haemorrhage

BY PAUL LEADVAI

VIENNA, March 13.

PROFESSOR Jan Patocka, one of the three principal spokesmen of the human rights movement in Czechoslovakia, died to-day in a Prague hospital from a brain haemorrhage suffered after undergoing 11 hours of interrogation by the secret police.

Bhutto di offer refu

By Iqbal Mirza

KARACHI

THE opposition National Alliance asserted that it is struggling against Bhutto's offer of a referendum.

NEW ZEALAND SECOND ANNUAL REDEMPTION INSTALMENT (Redemption Group No. 1) Dfs: 60,000,000. 6 1/4% bearer Notes of 1972 due 1977 of APRIL 15, 1977

THE STERLING TRUST, LIMITED An Investment Trust with Trustee Status Table with columns: Year ended, Total Assets, For each 25p Share Value, Earned, Paid

U.K. Mexico trust fund By Bernard Simon A BRITISH-MEXICAN Trust Fund (Brimex) has been set up to encourage joint business ventures between U.K. and Mexican companies and promote British exports to Mexico.

Kenana sugar talks suspended

BY ALAN DARY

TALKS IN Khartoum on the need for additional finance for the giant Kenana sugar scheme have been suspended to give shareholders time to appraise the situation.

KHARTOUM, March 13.

Some of the major shareholders have guaranteed existing loans to the project and would therefore lose substantial sums if the project was not brought to fruition.

agencies such as the French Government export credit agency Coface has recently shown confidence in the scheme by seeking ways of extending their services to the project.

Norwest in Portugal

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

NORWEST HOLST, the building and civil engineering group, has restarted its works programme in Portugal, where three years ago its activities came to a standstill in the wake of the revolution.

numerous other contractors in the country. At the time, it had already sunk about £800,000 of company money into developing its business in Portugal and decided, unlike some other contractors, to leave its operations rather than pull out permanently.

World Economic Indicators (UNEMPLOYMENT) Table with columns: Country, Feb. 77, Jan. 77, Dec. 76, Feb. 76

Helene of London Limited Issue of 575,000 12% Convertible Redeemable-Cumulative Preference Shares 1977/86 of £1 each at par Yielding The Equivalent of 18.46% gross

Leipzig Fair By Leslie Collitt BERLIN, March 13. THE SPRING Leipzig Fair, still the largest east-west trade event opens to-day (Sunday) and runs for one week.

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Kimberly-Clark International Finance Corporation N.V. 8 1/2% Guaranteed Debentures Due 1986 NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of April 15, 1971...

Handwritten scribble at the bottom of the page.





JP K... ID

HOME NEWS

Post Office will offer three new telephone designs

By Christopher Lorenz, Electronics Correspondent

THE POST OFFICE is planning to respond to outside pressure for a more aggressive design policy... The first is called the 'Compact' and will be available in three areas after the National Introduction towards the end of the year...

Labour bid to control MPs fails

By Ray Ferman, Scottish Correspondent

THE LABOUR Party's Scottish Conference voted overwhelmingly yesterday against a proposal to give local management committees much greater control over MPs and councillors...

Fine Fare rejects packs bearing discount coupons

By Elinor Goodman, Consumer Affairs Correspondent

THE FINE FARE supermarket chain has ordered its buyers not to accept any products which are supplied with coupons for other products on the pack...

Plan to end scrap row put to BSC

By Our Sheffield Correspondent

PROPOSALS for easing a three-year-old wrangle between scrap merchants and the British Steel Corporation have been put forward by the British Scrap Federation...

Another bus order for Metro-Cammell

By Ian Hargreaves, Industrial Staff

SOUTH YORKSHIRE passenger transport executive has become the second authority to place a second order for delivery in 1977... Metro-Cammell's first complete bus, which will be in production from the beginning of next year...

Goodwill

Mr. Ron Hayward, general secretary, criticised those who joined the party and within weeks tried to destroy the goodwill built up over years by the MP.

Prefer

Some shopkeepers are concerned that stocking such packs could lead to prosecution under the Trade Descriptions Act in certain circumstances.

Figures on London homeless challenged

By Michael Cassell, Building Correspondent

DON COULD be heading for a housing disaster in the next few years, according to a report shed today by Shac, the housing Aid Centre... The report suggests that the decline in London's population has slowed significantly in the last two years...

Report attacks direct labour department

By Our Building Correspondent

CONFIDENTIAL report prepared for Lambeth Council in connection with the activities of its labour department reveals a catalogue of mismanagement losses... The federation claims the report reveals 'lamentable stores recording' lack of inspection before and after work had been carried out...

Earnings rise forecast

A 3 per cent rise in earnings is forecast for the year from the end of July... No change in VAT is expected, though cuts in local authority spending are forecast.

Car glue defended

British Leyland said yesterday that glue used on a few Princess and Allegro models when replacement parts were not available because of a strike had been extensively tested.

Ethylene plant

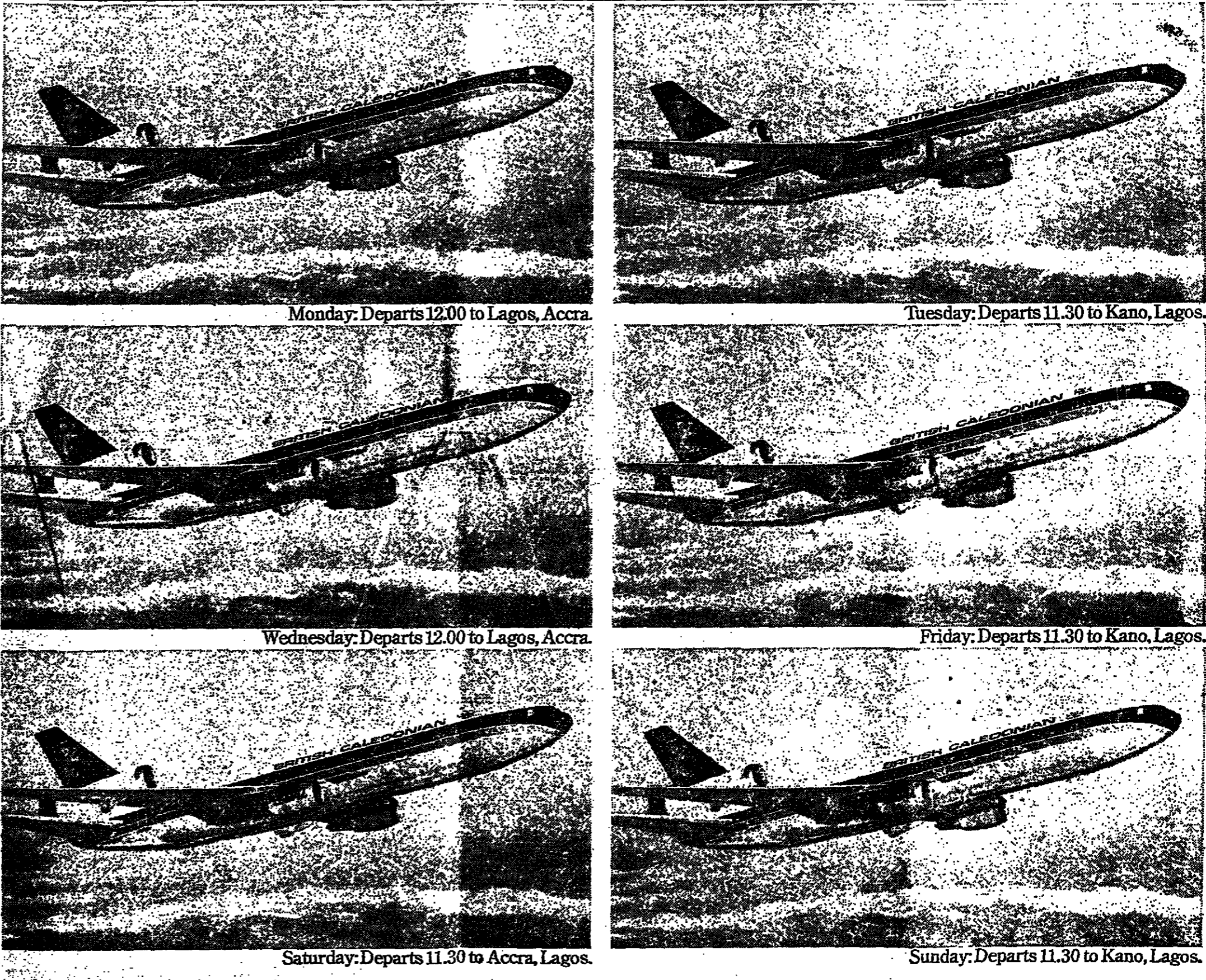
ESSO CHEMICALS is not expected to take a final decision until next year or early in 1978 on whether to go ahead with its proposed 600,000 tonnes ethylene plant at Mossburn, Fife.

Early ship

Appledore Shipbuilders has handed over its latest vessel to the Navy... This completes a £7m. order for three rig vessels for Offshore Marine. The yard has a £20m. order book.

Bill of Rights

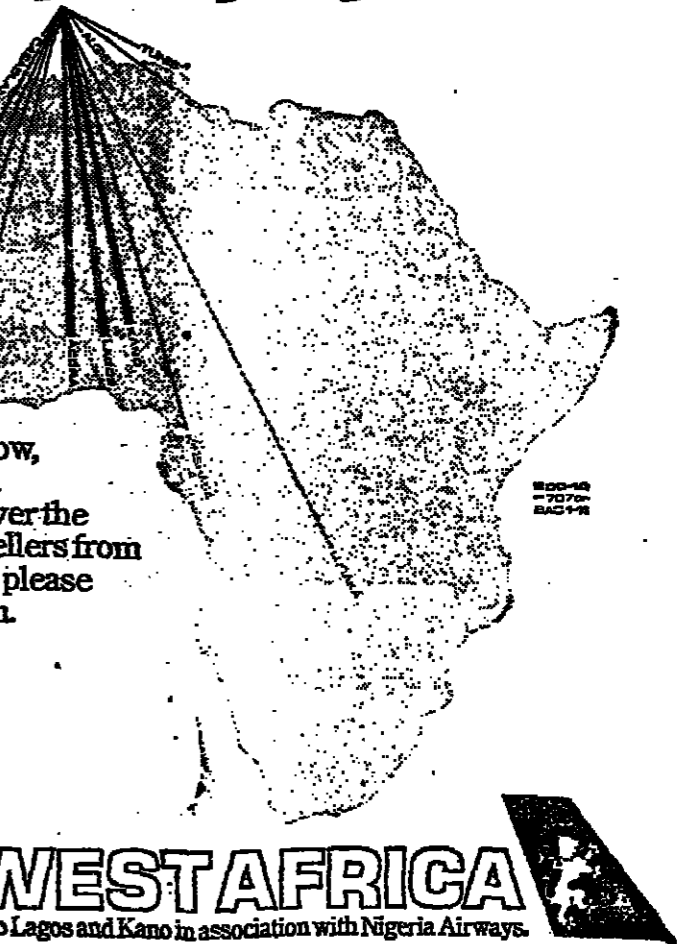
A domestic Bill of Rights for Britain would fundamentally change constitutional arrangements, says the Law Society's Law Reform Committee.



Day by day by day by day by day by day by DC-10

From March 20th British Caledonian's new DC-10 will fly by day to West Africa six days a week... The addition of DC-10's to our fleet is yet another example of the Bigger B.Cal. Now you needn't lose any sleep over flying to Lagos, Kano and Accra and you can enjoy the latest DC-10 with the outstanding new feature - British Caledonian service.

DC-10, and so can we. Bigger galleys, bigger serving areas, more room all round enables us to turn on a service that's something special even by our own high standards. You fly by day, by superjet with service that matches the plane. No wonder you arrive in West Africa relaxed and refreshed.



Let's go BRITISH CALEDONIAN TO WEST AFRICA Over 500 flights a week to 25 countries - Europe, Africa, South America and within the UK. Flights to Lagos and Kano in association with Nigeria Airways.



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JP... [Handwritten signature]

# The Executive's and Office World

Christopher Lorenz reports on moves to protect computer-held personal information from misuse

## Critical costs of computer privacy

THE past six months, danger of being infringed. The first leading organisations, forthcoming legislation is likely to use computers have combined hitherto the possible of legislation about to be posed and which is intended to protect the privacy of personal information held on computer files.

One of the most foreboding cases put forward by LAMSAC, a committee representing local authorities, which argued that it should be no misunderstanding of the "enormous costs" which could be involved in mounting regulations have a "deliberate rather than pragmatic origin."

The need to protect computer information from misuse—by the file-holder himself or by outside organisations—became an issue of concern in the late 1960s. After several private bills were put in Parliament in 1970 "Justice" a British section of the International Commission of Jurists, drafted a general report on privacy and the Law. A new Bill the same year came near to success, and the Government then appointed the Inter-Departmental Committee to question whether new laws were needed to protect individual privacy in circumstances not only in computer files. Younger reported in 1972, but it was only in December 1975 that the Government produced a White Paper, the scope of which was limited to the privacy of information held by computers, with reference to wider issues.

accuracy: making more frequent checks on the accuracy of personal information; updating it more often than before; destroying all or part of it after a limited period; and providing print-outs of information on individuals whenever requested by the person involved.

The White Paper itself avoided any forecasts of likely costs. The lawyers most heavily involved in its drafting, Mr. Paul Sieghart, was almost equally vague in a book he wrote recently on "Privacy and

a detailed study of the likely cost of the various privacy options for a wide range of British computer installations. In view of the fact that 14 countries, plus several international organisations, are considering legislation on computer privacy, or have already enacted it, it is surprising that there seems to be only one widely accepted research study on the subject.

Carried out by Robert C. Goldstein, of the University of British Columbia, it relates to

Centre, is intending to submit to the Data Protection Committee in the autumn. Mr. Ray Ellison of the NCC, who will be one of the survey's prime movers, is encouraging users to lose no time in assessing in detail how their costs may be affected by privacy legislation.

Speaking in London recently at a conference organised by BIS Applied Systems, Mr. Ellison said there were signs that the best way of protecting privacy, rather than the question of costs, will be uppermost in

## Demand for U.K. executives is selective

BY JOHN WICKS IN ZURICH

ACCOUNTANTS and corporate lawyers from the U.K. are in particular demand on the international executive labour market, it is claimed by Dr. Joel H. Markus, a managing partner of Zurich-based international consultants, Dr. Egon Zehnder and Partner. He also maintains that British bankers, insurance experts and shipping company executives are also popular abroad.

Whether or not the brain drain is balanced out in the long run, British executives are seen as a worthwhile acquisition for a number of reasons. The U.K. Markus claims is a very good school for managers, offering special expertise in the financial and various professional fields, an excellent international grounding, good schools of management and—ironically enough—the advantages of working under economic conditions, with the resultant necessary experience in inflation accounting, cash flow management, foreign-exchange questions and the like. British executives are also widely seen as being reliable, honest and fair and less subject than some other nationalities to company intrigue. They frequently also bring with them experience of working in a really large company.

The language question is both a blessing and a drawback. A blessing because English is to-day the language of world business and a drawback because it is hard to find Britons speaking other languages well. The less rigid approach to some ways, makes life rather difficult in stricter corporate societies like those of the German-speaking world or Japan, with more rules to abide by and generally tighter reporting requirements.

British executives tend to be less mobile than their American, German or French counterparts — "Don't confuse mobility with brain drain," says Markus. The typical U.K. manager is more loyal to his company, generally speaking, and likes to feel at home in his job, so there is a shortage of good executives wanting to change their employer. Typical age groups for the current brain drain are 30 to 37 years of age and the 48-55 range—the latter being harder to please; the in-between 33-35 group tends to have children at school in other fields, too, many enlivened European managers through the organisation.

### EXTRA COST OF U.S. PRIVACY LEGISLATION

Type of computer system	CAPITAL COSTS		ANNUAL RUNNING COSTS	
	Cost after conversion	Increase on original cost	New running cost	Increase on old
Medical	\$7000	45	\$7000	41
Law Enforcement	1,200	586	1,528	220
Credit	590	176	24,146	73
Personal	2,208	71	373	10
Insurance	341	10	14,346	15

Source: Based on R. C. Goldstein, *Data Magazine* and *National Computing Centre*.

Computers," though he did describe a licensing system operated in Sweden as having "every appearance of being cheap, effective and not likely to obstruct the normal needs of data processing."

### Alarmed at the price

The nationalised industries, on the other hand, are alarmed that the price of their products and services would be forced up again if the Government insisted upon registration and licensing of computers retaining personal information. The Post Office, for instance, told the Data Protection Committee just before Christmas that registration of such computer files, not licensing, should be adopted. But many people question whether a public register of this sort of computer file could fulfil the aim of protecting the privacy of the personal information they hold. Licensing may also be needed, as the White Paper itself implies (though this is not clearly stated).

The problem in trying to evaluate all the contradictory evidence is that no-one has made the U.S. Privacy Act of 1974. Examining five different types of system, the table shows how the costs can vary widely. In some cases conversion costs can exceed a system's original development cost, while in others they add only a small fraction. The same applies to additional running costs.

The tables, which are based on Mr. Goldstein's work, should not be taken as any guide to the possible actual costs of U.K. privacy legislation. For one thing, the U.S. legislation only covers Federal Government systems, whereas the U.K. White Paper proposed rules for the private sector and all levels of Government, subject to certain limited exclusions. The detailed provisions, on such sensitive issues as providing individuals with print-outs of themselves, could be very different from those in the U.S.

MPs' minds when they debate the Committee's proposals.

Throughout the international variations of computer privacy legislation—all with different cost implications—runs a common thread of several basic principles, according to Mr. Ellison. One of the most important is that personal data must be held securely with users "taking all reasonable steps to ensure that information does not fall into the wrong hands," to quote the U.K. White Paper. This sort of rule can be expensive for a user to follow if his system is not sufficiently secure in the first place. One Swedish user bought an expensive computer storage device, only to be told by the Data Inspection Board that it was not secure enough. The result has been a costly re-write of software.

This illustrates one of the key issues about the privacy debate. Computer privacy and security are by no means synonymous, but there is a considerable overlap from the user's point of view. Mr. Ellison considers that many users have still not taken enough steps to protect their data from unauthorised access. Although this may prove a costly prospect for some companies, it will not be of the astronomical proportions that which case they will probably

### Accuracy not assured

Mr. Fisher went on in caustic terms to examine what, for some users, could well be the second most expensive aspect of privacy legislation, the print-out requirement for individuals. If users had to pay extra to print out information, it would mean that they could not ensure that the information is accurate at present, he said. "If we need to do this just because of the privacy legislation, we ought to be ashamed of ourselves."

Even if some users see this as a gross over-simplification, they may be somewhat reassured by suggestions that legislation could be enforced gradually, and with considerable flexibility. A gradual and selective enforcement by a licensing authority would spare many users from expensive adaptations to their old systems; instead, the necessary extra facilities could be built cheaply into new ones when the old were replaced.

Many of the White Paper's critics have also overlooked its underlying approach of flexibility. On the sensitive print-out issue, for example, it does not argue that all "data subjects" should always be provided with print-outs, as has been implied by some people. Instead, it suggests that the best way for an individual to check the accuracy and reliability of the information held on him will, "in many cases," be for him to have the opportunity to see it, check it and, if necessary, have it corrected. Although this may prove a costly prospect for some companies, it will not be of the astronomical proportions that which case they will probably

### Committed to legislation

The Government is now committed to introducing some of legislation on computers and privacy, even though it has yet to be defined. It is common with fast-developing international practice, however, that White Paper clearly suggests that privacy includes accuracy; in other words, it implies the concept that if the information held about an individual is inaccurate or outdated, then his privacy is in

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### MANAGEMENT GAME

## Hard first round

BY MICHAEL DIXON

THE CRUEL first round of the 1977 U.K. management championship is now completed, and the 896 teams who entered the lists in January are down to a mere 224. The second stage, which starts next week, and the two following rounds to be played by post will sadly remove a further 220 before the "face-to-face" final in London on July 26 decides who wins the £1,000 prize.

Of the first-round survivors, one team should certainly still be shaking with nerves. It is the group called "Syndicus 77" who managed to defeat their nearest rival for a place in round two by just £130. This is the smallest winning margin recorded in eight years of the National Management Game, and compares with a best profit in the first round of the current championship of £10,78m.

According to Jack Layzell, chief administrator of the NMG (which is sponsored by the Financial Times, ICL and the Institute of Chartered Accountants in England and Wales in association with the CBI and the Institute of Directors) this year's contest has confirmed a trend towards multiple entries by big commercial concerns. One company put in nearly 30 teams.

Mr. Layzell concludes that the game is increasingly used by companies as part of their management training programmes. And he is responding by facing the 224 survivors with a "chill economic climate for at least the early stages of round two. While this will include price controls on the team's 'paper' consumer-durable companies and a scarcity of loan finance, however, it will not bedevil them with strikes and fires in the factory. "Those will come later," says Mr. Layzell.

But the NMG's long experience suggests that the more the teams suffer, the more they like it. Numerous of those knocked out in the first round of the championship proper, are already coming forward with the £35 entry fee for the subsidiary National Management Plate competition, which offers a £500 prize. Lists for the plate will close on March 25, and the London final is scheduled for July 15.



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The African conundrum for President Carter

By BRIDGET BLOOM, Africa Correspondent

Planning for change

IF THERE is one thing the Government should have learned from past controversies over factory closures, it is the need for caution in public statements by Ministers.

Worldwide

It has been known for a long time, and extensively publicised inside and outside the industry, that the manufacturers of exchange equipment for the Post Office—GEC, Plessey, and STC—would have to shed large numbers of their employees.

There had been hopes that the contraction in employment could have been spread over a number of years and achieved mainly through natural wastage.

"Special" means relaxed

PRESIDENT CARTER revived the phrase "special relationship" during Mr. Callaghan's visit to Washington last week—just as Mr. Nixon did when he first visited Britain as President in 1959.

Mr. Callaghan's visit was the proof of that. There were outstanding issues between the two sides—Concorde, transatlantic flights and the management of the international economy are all examples.

The issues between the U.S. and Germany and Japan will be much harder to brush aside.

AFRICA still has Washington puzzled. "We're crossing our fingers that Africa will stay on the back burner for a bit longer."

The European visitor to Washington, anxious to know which way the U.S. is going to come down on Africa, finds a confusing scene.

But very soon, even if there is no crisis in Africa itself, decisions may have to be taken. On March 17, President Carter is to address the UN.

The Angola debacle

Had Mr. Carter become President in January 1976 instead of this year, there would have been a remarkable change.

Dr. Kissinger carefully avoided doing so, mainly because he believed it would hamper his main strategy which was to get South Africa to pressure Mr. Ian Smith to transfer power to the black Rhodesian majority.



Mr. Cyrus Vance



Mr. Andrew Young (left) meets President Nyerere during his African tour

On Rhodesia, in particular, there is no apparent change from the past. The Administration is pushing hard to effect what was a Kissinger promise—the repeal of the Byrd amendment, which allows the U.S. to import Rhodesian chrome despite UN sanctions.

President Carter

Mr. Young maintains (as do others close to him and to President Carter) that while he, Mr. Vance, and Mr. Zbigniew Brzezinski (whose National Security Council still has no Africa specialist) are all key advisers, the President himself, who has no personal knowledge of Africa, but is reportedly deeply interested and receives daily reports of African developments, will finally determine policy.

Last month Mr. Young visited Africa as the President's special emissary, meeting over a dozen heads of State on a fact-finding tour.

Mr. Young's penchant for shooting from the hip, and saying what he believes with some disregard for diplomatic niceties, worries his friends.

Stemming from both men's experiences in the Deep South, that view both encompasses a deeper understanding of the problems of "racism" and, curiously perhaps, considerable faith in their eventual peaceful resolution.

the problems of underdevelopment, though whether it can be matched by greater and better directed U.S. aid is another question.

Russian success

Mr. Young certainly believes that Africa neither is nor should be a confrontation area in U.S.-Soviet relations.

As for South Africa, Mr. Young's view, apparently shared by the President, is that there is a strong parallel between the white African nationalist and the diehard whites of the Deep South of a few years ago.

there is no recognition of a theoretical equal racial society, and legal process by equality might be

The real question is whether it is for the U.S. to pressure on South most intense Washington to-day how far the U.S. should go in its economic and political to bring about the Africa. No one advocates full economic sanctions. But there is a real question of other pos from a mandatory on U.S. companies to improve the conditions (as the voluntary attempt by a dozen U.S. last month) that trade or credit as to cutting out our co-operation.

Rhode problem

Some maintain (as Mr. Young did) that such a counter-productive until the Rhodesia solved. Other object that it might undermine American co-operation for Britain to trade and southern Africa for it to follow American example. It is done, it will be selective pressure for a while. The first public how it might event solved could well be UN later this month.

MEN AND MATTERS

A culinary star

Who is the most highly paid chef in the world? The betting is that it's Daniel Dumas, who, like the bankers I wrote about last Friday, is British-trained but whose career has taken him to fame and prosperity in New York.

Dumas' gain is London's and Ottawa's loss. He trained with British Transport Hotels (which mostly continue to enjoy high culinary reputations and should not be confused by the cynical with British Rail station buffets) and then became chef at the Connaught Hotel in London.

But Dumas departed 18 months ago for the kitchen of Government House in Ottawa: Ronay in his 1977 Lucas Guide knocks a star off the Connaught rating and laments the absence of "this culinary genius."

Patrons report, naturally, that it is expensive but not outrageously so. But what makes Dumas worth paying in six figures? Ronay seems the right person to ask, and he says: "In my long career, I have never met a more all-round and at the same time artistic chef whose great quality, as with all the great chefs, is his complete obsession with cooking. He fires in his kitchen."

An American tax battle

The example of chef Daniel Dumas is yet another in the lengthening catalogue of people taking skills away from Britain to the more richly-rewarded pastures of the United States.

Under the new law, the amount of non-taxable income has been cut from \$25,000 to \$15,000. Allowances for housing and cost of living are counted as "fringe benefits" and are taxable.

has sent out nearly 1,000 personal letters lobbying American Congressmen and Senators. Private letters and telexes have even been sent to President Jimmy Carter.

Browning believes that the new tax law hits particularly the American exporter in the Gulf. Many U.S. companies, especially the larger ones, pick up their employees' foreign tax bill and their staff only pay taxes as if they were living in the United States.

There are pessimists (and optimists?) who believe the law will reduce the American presence in the hugely expanding Middle East market.

just cannot afford such isolationist trends now."

Sports news

You will remember the advice given about inventing a better mousetrap: stand back, said the sage in question, and the world will beat a path to your door.

Is this one answer?—"The BSI has been designed with a patented ionomer cover of blended synthetic materials and a large, solid polybutadiene centre. The thread is wound on to this large centre to give extra power and resilience.

The important point, really, is that the BSI is Slazenger's hope for pushing up its share of the 800,000 dozen balls-a-year market worth £8m. in the U.K. from 18 to 25 per cent, and for starting a challenge from scratch for the \$120m., 7m. dozen balls-a-year U.S. market.

Helpful

Sign at a Turkish Mediterranean beach: "Attention: Drowning is forbidden and dangerous."

Observer

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# FINANCIAL TIMES SURVEY

Monday March 14 1977

Handwritten signature/initials in a box.

# PORTUGAL

Dr. Mario Soares, the Portuguese Prime Minister, is managing to pilot his way through many of the political and economic problems that beset the country. Free elections have been accomplished and EEC membership is a long term ambition.

ernation Revolution of April 25, 1974 — Decolonisation, Democ-  
 ratisation, Development — the first two  
 have now been successfully  
 accomplished.  
 But the two years of revolu-  
 tionary socialist experiment that  
 followed the April coup have  
 rendered the third "D" —  
 development, even more diffi-  
 cult. The economy is in tatters,  
 and only massive foreign finan-  
 cial aid will save the country  
 from bankruptcy. The signs are  
 that the majority of the Portu-  
 guese people have grown tired  
 of constant political turmoil  
 and are ready for a more  
 ordered existence. But the  
 anarchic attitudes that erupted  
 with the overthrow of the  
 oppressive Salazar-Caetano  
 regime are not going to be  
 easily transformed into the  
 dedication to hard work and  
 self-sacrifice that Sr. Soares is  
 now prescribing as the only  
 way to save the country from  
 economic and financial collapse.  
 Most of the country's present  
 problems, of course, date from  
 long before the Revolutionary  
 free-for-all in which workers,  
 and peasants staged mass take-  
 overs of farms and factories.  
 The popular movement was the  
 inevitable backlash to the long  
 years of Salazar's rule in which  
 virtually no effort was made to  
 modernise the country's back-  
 ward agriculture, redistribute  
 wealth or improve basic educa-  
 tional and social structures. In  
 the last years of the old regime,  
 with industry in the hands of  
 Government-backed private  
 monopolies, 3 per cent of the  
 country's farmers owned two-

thirds of its total agricultural  
 land, over a quarter of the adult  
 population was illiterate and  
 wages the lowest in Western  
 Europe. In the 13 years of  
 debilitating colonial warfare in  
 Africa, 1.5m. emigrants legally  
 or illegally left a country that  
 to-day has under 9m. inhabitants  
 — an exodus which since the  
 Revolution has been com-  
 pounded by the flight of many  
 of the country's top managers  
 and technicians.

### Legacy

The Salazar legacy and the  
 upheavals of the Revolution  
 have left Sr. Soares with an  
 enormous task if he is to fulfil  
 his aim of integrating Portugal  
 both politically and economi-  
 cally into Western Europe.  
 Now, after seven months in  
 office in which he was frequently  
 criticised for procrastination,  
 he has finally started grappling  
 with the problem with a major  
 package of austerity measures  
 announced just over two weeks  
 ago — a package that signals a  
 further clear move back  
 towards the principles of the  
 market economy under the  
 watchful eyes of the Inter-  
 national Monetary Fund.

Gradually, too, he is trying to  
 mitigate some of the more  
 extreme consequences of the  
 wave of dispossession and  
 nationalisations that followed  
 the Revolution. Although he is  
 pushing ahead with the land  
 expropriation programme, some  
 land has been returned to its  
 former proprietors and the

owners of nationalised com-  
 panies are either to get them  
 back or receive compensation if  
 they can prove they were  
 wrongfully dispossessed. A  
 basically Socialist economic  
 structure is written into the  
 1976 Constitution, which forbids  
 large-scale denationalisation.  
 But some scope is to be left for  
 private enterprise and the next  
 step, eagerly awaited by the  
 business community, will be a  
 law clarifying the borderline  
 between the public and private  
 sectors.

The Prime Minister's success  
 or failure in getting the econ-  
 omy back on its feet will be  
 crucial not only for the future  
 of his own Government but also  
 quite possibly for the future  
 of Portuguese democracy. Sr.  
 Soares's minority Socialist Gov-  
 ernment knows full well that it  
 only has limited time to pro-  
 duce results before powerful  
 elements in the Armed Forces  
 decide that it can be allowed  
 to go on no longer. If that point  
 were to be reached, one answer  
 would be to bring one or both  
 of the two main democratic  
 opposition parties to his right,  
 the Social Democrat PSD and  
 the conservative CDS, into the  
 Government alongside him. But  
 there would also be a growing  
 chorus of Right-wing voices  
 arguing that the democratic ex-  
 periment had failed and the  
 time had come for a return to  
 military rule.

For the moment, the Presi-  
 dent, General Antonio Ramalho  
 Eanes, is still behind Sr. Soares,

and the majority of the Armed  
 Forces behind President Eanes.  
 The precarious tightrope act  
 that Sr. Soares has to perform  
 is to push through his economic  
 programme without falling foul  
 of either the Armed Forces or  
 his right- or the Communists.  
 who won just under 15 per cent  
 of the vote in last April's Par-  
 liamentary elections to his left.  
 Although they have frequently  
 canvassed the idea of a coalition  
 with the Socialists, the Commu-  
 nists are fully aware that in pre-  
 sent circumstances they have no  
 chance of gaining a foothold in  
 Government — the Army will see  
 to that. But with their strangle-  
 hold over the trade union move-  
 ment they are a powerful poten-  
 tial force for disruption, as they  
 have already demonstrated with  
 a rash of strikes on the eve of  
 Sr. Soares's tour of the Nine  
 EEC capitals last month. Fur-  
 ther strikes, it is feared in  
 Lisbon, may be mounted to  
 greet this summer's flock of  
 foreign tourists, of whom the  
 Communists strongly disap-  
 prove. The Socialists' contin-  
 uing inability to secure a  
 strong base in the trade unions  
 has been one of their major  
 failures to date.

The approach of the CDS (16  
 per cent in April) is somewhat  
 different. They favour the  
 formation of a "Presidential  
 majority" of all three parties,  
 governing in close liaison with  
 the President. The rationale is  
 that all three parties supported  
 General Eanes in last year's  
 Presidential election campaign,  
 while the PSD has sometimes  
 bitterly attacked Sr. Soares, the  
 CDS, which defines its role as  
 one of "civilised opposition,"  
 has tended to give him its tacit  
 support. Political considera-  
 tions aside, one major advantage  
 of a closer link between the  
 three parties could be to bring  
 in new Ministerial and adminis-  
 trative talent, which the present  
 Government is conspicuously  
 lacking.

One issue that unites all  
 three Parties is Sr. Soares's drive  
 to take Portugal into the EEC,  
 for which he likes to claim 85  
 per cent popular support. The  
 Prime Minister has staked his  
 political future on a favourable  
 reply to the formal entry appli-  
 cation he plans to lodge in  
 Brussels on completion of his

tour of the Nine later this  
 month. For their part, the Nine  
 are distinctly unenthusiastic  
 about starting a new round of  
 entry negotiations before they  
 have digested the full implica-  
 tions of Greek membership, for  
 which negotiations are currently  
 under way in Brussels. France,  
 in particular, has shown little  
 sympathy for the Portuguese  
 approach and has been gener-  
 ally cool towards the Soares  
 Government.

But all Nine Governments  
 seem to appreciate the dangers  
 of a rebuff to Lisbon, and they  
 will probably welcome the  
 approach at a political level  
 while underlining the economic  
 problems. This should be  
 enough for Sr. Soares, who is  
 basically interested in a general  
 acknowledgement of his coun-  
 try's right to become a mem-  
 ber at some time in the  
 foundations of democracy  
 and act as an economic incen-  
 tive. The Community's demo-  
 cratic requirements should  
 exercise a restraining influence  
 on anyone tempted to try to  
 turn the political clock back, he  
 believes. As for the economy,  
 once it is clear that Portugal  
 is going into the Community,  
 the nation will simply have to  
 pull itself together. But the  
 average Portuguese as yet prob-  
 ably has little real idea of  
 what membership would mean  
 in practice. It is, unfortunately,  
 far too early to tell whether Sr.  
 Soares's faith is justified.

the biggest headache. The Por-  
 tuguese Agricultural Confedera-  
 tion has come out in favour of  
 Community membership, but  
 it has stressed the need for  
 major structural reforms first  
 and warned that these may take  
 10 to 15 years. On the industrial  
 side there will obviously be  
 problems too, particularly for  
 small and medium-sized com-  
 panies that have little or no  
 experience of foreign competi-  
 tion. But the Federation of  
 Portuguese industry is confident  
 that a number of important  
 sectors — including textiles,  
 wood pulp, metal-working, car  
 components, foundries and  
 machinery — will be able to  
 meet the challenge. Greater use  
 could also be made of the  
 country's sub-contracting capa-  
 city.

### Negotiations

For the moment, however,  
 Sr. Soares's aim is to give the  
 country a medium-term objec-  
 tive that will both strengthen  
 the foundations of democracy  
 and act as an economic incen-  
 tive. The Community's demo-  
 cratic requirements should  
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 Soares's faith is justified.

in  
 the  
 light  
 back

Reginald Dale,  
 Opinion Editor

UNDER three years since  
 my ended half a century  
 authoritarian rule, Portugal's  
 has re-entry into the family  
 of European democratic  
 states is more or less on  
 a par with the other West  
 European countries. The  
 threat of a take-over by  
 the Soviet-leaning Com-  
 munist Party, very real in 1975,  
 has been beaten off, and, if the  
 country has a bigger constitu-  
 tionally than in other West  
 European countries, all the  
 institutions of a Parliar-  
 tary democracy have finally  
 found their place. In the course  
 of the last 12 months, the Portu-  
 guese people have freely elected  
 a President and a Parliam-  
 ent, and the Prime Minister,  
 Dr. Mario Soares, has  
 taken office. The aims of the red-



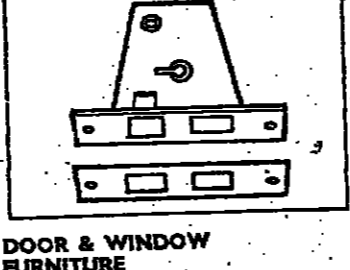
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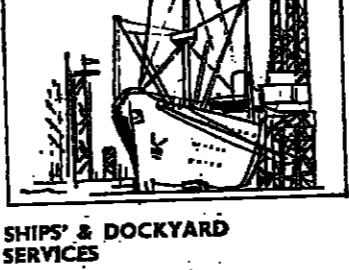
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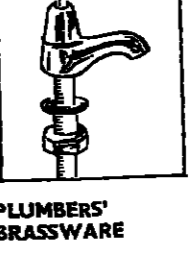
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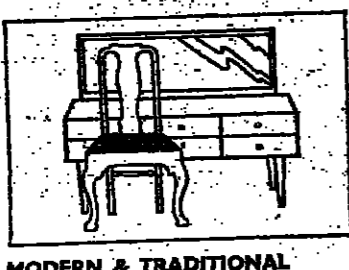
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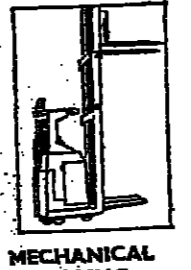
PLUMBERS' BRASSWARE



ALL TYPES OF TEXTILES

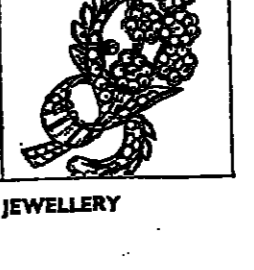


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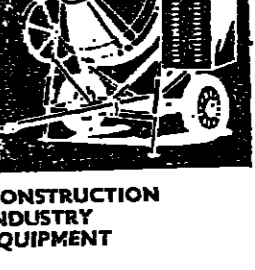


MECHANICAL HANDLING MACHINERY

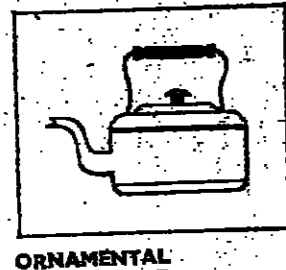
# PORTUGAL



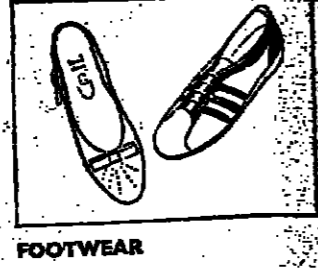
JEWELLERY



CONSTRUCTION INDUSTRY EQUIPMENT

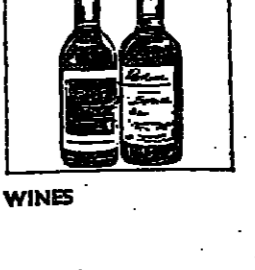


ORNAMENTAL COPPERWARE

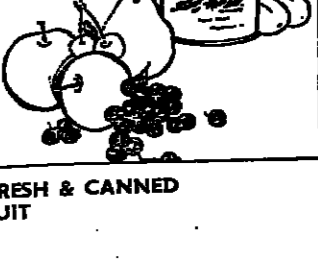


FOOTWEAR

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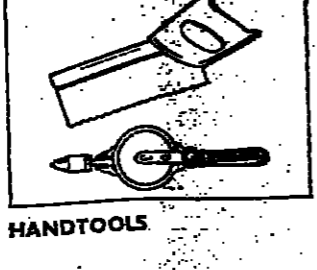
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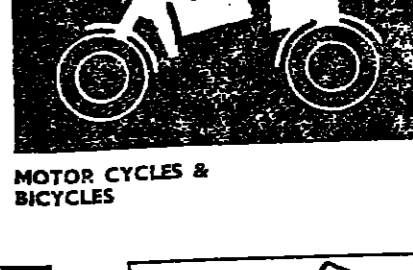
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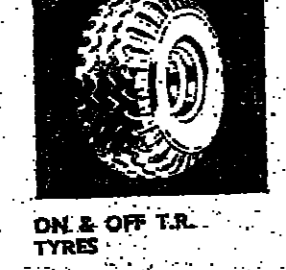
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MACHINE TOOLS



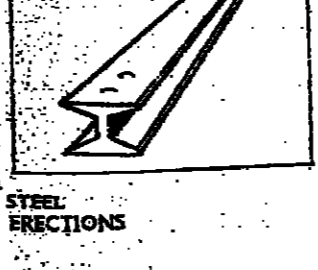
MOTOR CYCLES & BICYCLES



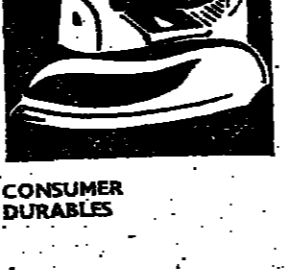
ON & OFF T.R. TYRES



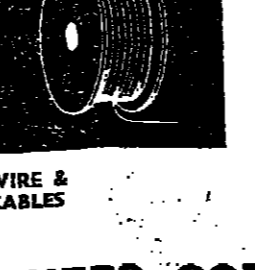
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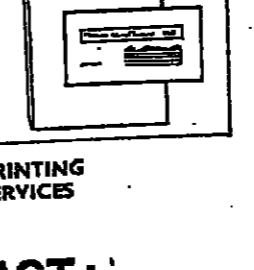
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## ECONOMIC RECOVERY IN PORTUGAL

On 25th February, the Council of Ministers of the Portuguese Government decreed a package of important economic and social measures aimed at revitalising the Portuguese economy.

In order to give an overall idea of the measures that were adopted, a summary of the most important legislation that went into effect at the beginning of March is presented below:

—A 15% devaluation of the escudo so as to prevent future fluctuations. The escudo is now linked to the group of currencies of the countries with which Portugal maintains close trade and economic relations. This measure will make Portuguese products cheaper and hence more competitive abroad; it will thus benefit exports and consequently increase output. On the other hand, it will also stimulate tourism as well as investments made by emigrants.

—A rise in the rediscount rate of the Bank of Portugal from 6.5 to 8%; rates will be adjusted to the volume of responsibilities of the banks.

—The whole interest rate structure of the credit institutions, for all types of operations, was also readjusted.

—Creation of a fund to guarantee exchange risks with a capital of one thousand million escudos and approval of the statutes thereof.

—New forms for the total or partial use of deposit accounts by depositors before the end of the terms thereof, as well as the issue of nominal securities representing such accounts. Subject to prior agreement with the credit institutions, depositors may also withdraw funds from their deposit accounts before the end of the stipulated period, in this case receiving lower interest rates.

—Creation of conditions for the opening and movement of deposit accounts in escudos by emigrants, without the systematic need of the authorisation of the monetary authorities.

—Restructuring of the Portuguese credit institutions in France with the objective of integrating those branches which prove to be more adequate and which, in principle, will be granted an autonomous management.

—The issue of 15 thousand million escudos in Treasury Bonds with annual interest rates ranging from 4 to 14 per cent.

—Increasing the rate of Treasury Bonds from 10 to 11.5 per cent.

—Orders given to all nationalised credit institutions to adjust, in proportion to the official depreciation of the par value of the escudo, the counter-value in escudos of exports that have given rise to credit operations carried out before the date of devaluation and the payment of which, by the importer, has not yet taken place.

—Fiscal benefits for companies exporting goods or services.

—Elimination of the period of time applicable to the drawback system in order to speed

things up at the Customs. The surety rate is reduced from two to one per cent.

—Facilities in the reduction of, and exemption from, customs duties.

—Temporary dispensation from payment of the overall emolument of 0.2 per cent. ad valorem, collected by the Customs.

—Restrictions on imports of less essential goods and an increase in the number of non-essential products subject to the surcharge of 60 per cent., with a view to restoring the equilibrium of the balance of trade.

—Alteration of the sales tax as well as the revision of the composition of the lists annexed to the respective code.

—Possibility of making use of the provisional value of indemnities for shares and securities of nationalised companies; to settle debts to the social security system, the State or credit institutions, which otherwise could not be settled.

—Indemnity to be paid to foreign individuals or companies that owned assets of any kind that were nationalised or expropriated after 25th April 1974.

—Economic, fiscal and financial aid for viable firms with financial difficulties. This aid may even include tax reductions or exemptions.

—Re-assessment of the assets of firms in order to show the capital gains resulting from monetary devaluation.

—Regulations for companies that are being managed by the workers themselves.

—Creation of the "shopping basket", made up of products considered to be of prime importance to the consumption of the general population and whose maximum prices are fixed for a period of twelve months.

—Increased unemployment subsidies in relation to the national minimum wage, as well as the up-dating of retirement pensions.

—Extension of the social security system to cover the self-employed.

—Submission of request to sign the European Agreement on Social and Medical Assistance so as to protect Portuguese emigrants.

—Enlargement of the Emergency Agricultural Credit, as well as the maximum amount of loans guaranteed by the Institute of Small and Medium Industrial Firms.

—Changes in the cereals set-up, with the nationalisation of the system of fixing the prices of flour products.

—Establishment of new principles for the meat marketing system.

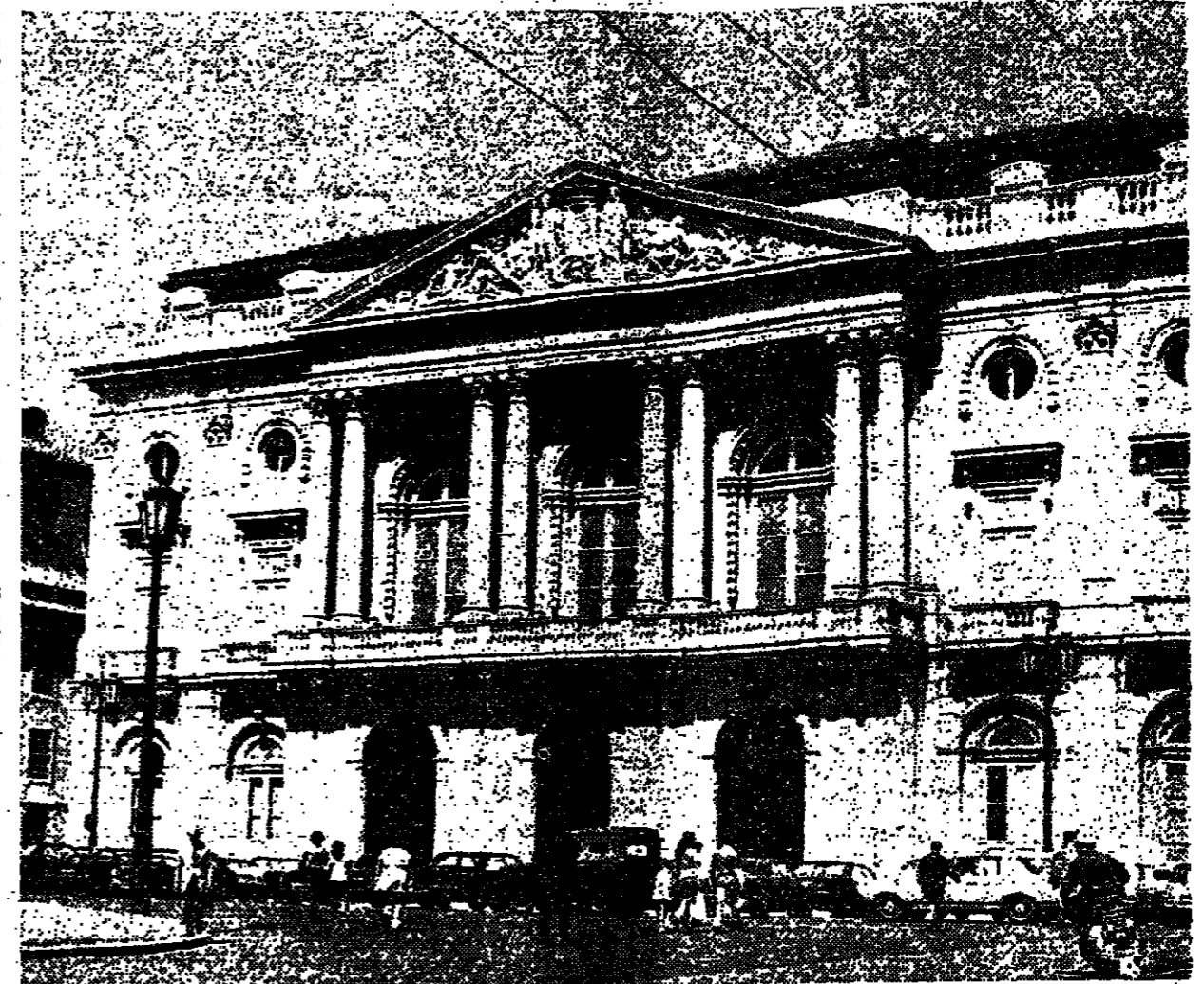
—Extension of the limits of Portuguese territorial waters to 200 miles.

—Establishment of principles for the compulsory use of Portuguese ships or vessels freighted by Portuguese shipowners in exports or imports carried out by public bodies.

AFTER SEVEN months of hesitation, the Portuguese Government last month finally acted to try to head the country away from economic and financial disaster. The major economic package announced by Sr. Soares at the end of February, including a 15 per cent. devaluation of the escudo, came after repeated calls for urgent action from both inside and outside Portugal. Washington, which is lending the country \$300m. on an emergency short-term basis, the OECD and the IMF had all been pressing Sr. Soares to take a firm grip. The same point had repeatedly been made by President Eanes, who said in a much quoted remark in his New Year address: "If we do not overcome the crisis, the crisis will overcome us."

There was clearly little time left to act if Sr. Soares wanted to maintain his Government's domestic and international credibility. By the beginning of the year, the balance of payments deficit was running at an annual rate of \$1.3bn. against \$1.1bn. last year, and way above the Government's initial target of only \$300m. for 1977. Foreign exchange reserves had dropped to a paltry \$140m., and although the country still held considerable gold reserves (worth roughly \$2bn. at current market prices), the Government was understandably reluctant to dip into them. Not only are the gold reserves seen as a final line of defence, to be used only in the utmost emergency, but any major sales on the sensitive gold market would risk driving down the price.

In the weeks preceding Sr. Soares's action, inflation was running at an annual rate of 18-20 per cent., according to official figures. In fact, with food prices soaring in January, the rate may well have been considerably higher. Last year's rate, at 26.3 per cent., was the highest in the OECD. The difficulty of establishing reliable statistics in Portugal is notorious—particularly for the cost-of-living, in view of the wide divergences between



The Bank of Portugal's building in Lisbon.

different regions. Unemployment, swollen by returning refugees from Portugal's former African colonies, had by early in the year reached an officially estimated 16-17 per cent. of the active labour force of 3.2m. But there were thousands more "under-employed"—especially in agriculture, the tourist industry and the civil service—who do not show up in the official figures.

In formulating his package, Sr. Soares chose to go a fair way towards meeting the advice of the IMF, on which he is hoping to draw within the next two months. Portugal still has facilities of between \$150m. and \$200m. with the Fund, and the aim is to draw at least part of this in April to start repaying the first \$50m. tranche of the short-term American \$300m. loan that will then become due. Under the terms of the agreement with Washington, the Government can borrow up to \$50m. every month for six months, with repayment due two months later. Officials in Lisbon maintain that no specific conditions were attached to the U.S. loan, other than the general understanding that the Government must act along the lines proposed by the IMF.

This Sr. Soares has done in imposing price controls on a long list of fuels and foodstuffs, the so-called "shopping basket", raising interest rates, introducing measures to promote private savings and increasing purchase tax to 12 per cent. on ordinary goods and 50 per cent. on luxuries. At the same time, the Government moved to tackle the country's perennial trade deficit, which reached an all-time high of over \$1bn. last year, by extending import restrictions on non-essentials and introducing tax incentives for exports. A wide range of imported goods are now subject to a 60 per cent. surtax and import deposits, which the State-owned banks are not allowed to finance; others are the object of temporary import quotas. Portugal had the foresight not to sign the OECD trade pledge abjuring fresh import restrictions, but the import measures will have to be temporary anyway in view of the country's EFTA and EEC commitments.

But his measures look like having a rough ride. The Social Democrat PSD has already, with Communist support, criticised the Prime Minister for lack of consultation over the measures

and called for a major Parliamentary debate. The left-wing Party is unhappy about the measures, and the Communists have condemned the package as a way of making workers pay for the country's economic difficulties and a sop to foreign creditors. "Foreign loans are a garotte strangling the Portuguese economy," said Sr. Alvaro Cunhal, the Communist leader.

Such statements make life particularly difficult for Sr. Soares, who is trying on the one hand to persuade Washington, the IMF and the EEC that the economy is at least under sound management, and on the other to avoid overly antagonising the Communists and the extreme Left who could still unleash potentially destructive social forces. The Prime Minister knows full well that the Portuguese economy can only be saved from catastrophe by massive foreign aid and foreign investment. The offer of compensation to foreign owners of nationalised companies, which accompanied last month's package, was a further acknowledgement of this. It is not just the IMF drawing that is at stake. Later this year the Government is hoping that the major Western industrialised countries will mobilise a massive

\$1.5bn. international operation for Portugal. There was a Lisbon last month learned that P has transferred for Portugal budget year. I ment is still as money will be October or three months originally expected, however may turn out to than the \$1.5bn. mooted.

Meanwhile the still working on plan for 1977 mented by the there are some it will be public as originally into year plan for real growth of roughly the same rate which is r mistic in some qu

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Continued on next page

## Banking on the mend

THE PORTUGUESE authorities have gingerly set about the task of repairing the damage inflicted on the country's banking system since the April 25 coup in 1974. Yet, despite moves towards rationalisation there are still no signs of a co-ordinated strategy for the banks which, since the nationalisations of 1975, have literally become the "commanding heights of the economy."

The nationalisations occurred as the Portuguese revolution went into its "Goncalvis" phase, the period associated with the rule of General Vasco Goncalves, the Communist-backed Premier, who attempted to introduce Soviet-style Socialism.

Altogether, 20 banks and finance houses were nationalised in 1975, bringing with them share portfolios which indirectly gave the state control over around 60 per cent. of Portuguese industry measured in terms of capital asset values.

As fears grew that the Communists and Far Leftists would use control of the banking system to dispossess the bourgeoisie, something resembling a run on the banks developed, with depositors rushing to withdraw their savings. The fears were fuelled by pronouncements from bankworkers' unions that they would keep an eye on the

name of revolutionary vigilance. At the same time the newly-nationalised banks were employed as a political weapon to win people to the side of the revolution through remarkably lax granting of credits for consumer spending, a policy whose fruits can be seen in the high rates of inflation prevailing

This chaotic situation was to change after November 25, 1975, when forces under the current President, General Antonio Ramalho Eanes, crushed a left-wing military uprising. The boards of the banks were changed and depositors' money started flowing back.

The gradually improving liquidity situation of the banks is reflected in figures showing that sight deposits in the year up to August, 1976 (the latest available) were up 26.5 per cent. on the year. This trend has allowed the Central Bank to trim currency in circulation by \$500m. last year. (In 1975 shares in private hand ton of the banks w the Finance Ministry its own inspectorate. Bank of Portugal was of three issuing ba other two being the

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Handwritten signature or name in a box.

PORTUGAL III

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Uncertainties in industry

PORTUGUESE INDUSTRY

privately and publicly mirrors the uncertainty of Portuguese politics...

political storms of 1974-75 abated but there are still sparks of unrest...

production in the transformation industries picked up by 4.2 per cent last year...

workers have faced up to country's grim economic realities and settled down to a rather than go absent or up political tubs...

regime overthrown in 1974 must bear a heavy share of blame for the aftermath of April 25 1974 Coup of the military...

protection of monopolies, displacement of small, medium regional development, over-reliance on former African colonies for raw materials...

chance for promotion with connections, police repression of industrial action...

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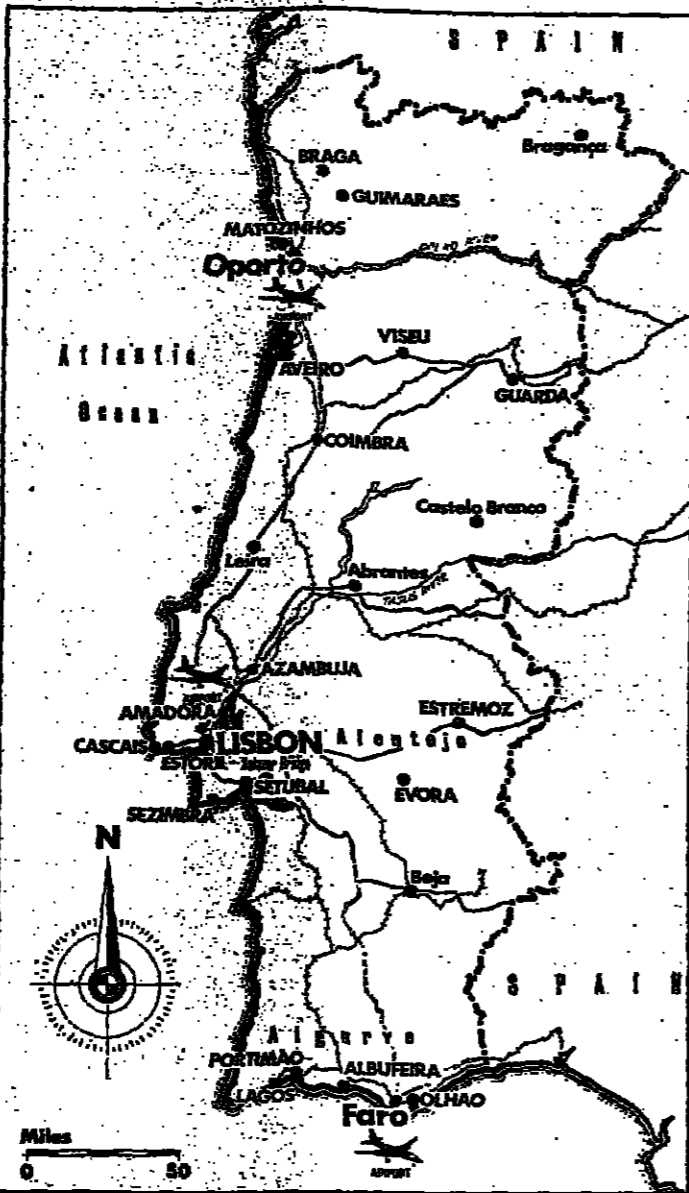
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devising the petrochemical units in some cases with the French CDF Chimie Group...

The steam cracker unit is in the early building stage. The Board of CNP are sure it will go into production in 1979...

Investment

The government contemplates an overall investment of £1.5bn. in the factories, refineries, mines and rock salt deposits...

The huge Sorefame, and other state-owned or subsidised metallo-mechanical concerns like Mague and Equimetal have been exporting a healthy number of railway carriages...

Many successes depend on the zeal of individual managers, technicians and workers, grappling with shortages of qualified senior staff after graduates and technicians fled abroad...

Private enterprise is worried that a government suspended somewhere between worship of nationalisations and worker-management and concessions to the market economy may lean over to the former and replace old private monopolies...

The private sector still accounts for 85 per cent of exports, mainly of textiles, cork, pharmaceutical products, cellulose, and tinned fish...

The essential thing is, first of all, the maintenance of the political freedoms, the trade union freedoms and due respect for human rights...

The measures that have been taken must be viewed also in the context of the complex negotiations we are conducting for Portugal's admission to the Common Market...

The Constitutional Government therefore feel they have the political authority, strength and popular support to go ahead...

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In the sequence of the important decisions taken by the Portuguese Constitutional Government on 25th February, Dr. Mario Soares, the Prime Minister, delivered an address to the Portuguese people...

BALANCE OF PAYMENTS

This package of legislative measures decreed by the Government is basically aimed at increasing production swiftly. But also productivity and investment, so as to ensure the expansion of the Portuguese economy...

On the basis of the Budget and Plan submitted by the Constitutional Government, the forecasts made by the World Bank about our economy are optimistic enough and foresee the elimination of our budgetary deficits in the space of three or four years.

DEVALUATION

With the agreement of the Government, the Bank of Portugal has decided to devalue the escudo by 15 per cent. This means that the escudo has ceased to fluctuate and has been linked to the group of currencies of the countries with which Portugal has the closest trade and economic relations.

EMIGRANTS

Devaluation has encouraged, and I think that it will encourage, emigrants to invest in Portugal. Knowing that our currency is cheaper for them, it is obvious that they can multiply their investments...

TOURISM

At this moment, bookings for the summer are complete. We have an hotel occupancy rate that is over 100 per cent. We are indeed in a good situation with regard to tourism, but we can increase and develop it enormously and it is very important that that should happen.

GOLD RESERVES

Up to now, we have not sold any gold. We have large gold reserves, as is known, of approximately \$U.S. 3.6bn. at the current market price, which means, more or less, 120bn. escudos...

LOANS

In spite of all the loans—some long-term ones with highly favourable interest rates, others short-term ones with the current interest rates of the international market—our foreign debt is effectively high, although it is not extraordinarily so...

AUSTERITY

The problem thus arises of the relationships that must be established between incomes and, especially, wages and prices, relationships that must be programmed and planned.

We are entering a policy of sacrifices, a policy of austerity that the Portuguese people understand. That is why we cannot allow wages to rise more than 15 per cent.

ESSENTIAL OBJECTIVES

The essential thing is, first of all, the maintenance of the political freedoms, the trade union freedoms and due respect for human rights; to put the Portuguese economy in a condition in which it can function and, at medium term, absorb the unemployment in order to ensure the harmonious development and progress of the country.

To start a great plan for the modernisation of our industry, in competitive European terms, reconstruct and develop our maritime economy, fisheries, the 200-mile limit, the ports, the merchant navy, shipbuilding. It is an immense task of national reconstruction, and it is on this task that we must concentrate all national energies.

COMMON MARKET

The measures that have been taken must be viewed also in the context of the complex negotiations we are conducting for Portugal's admission to the Common Market, so as to achieve truly European standards of living for this country.

POLITICAL AUTHORITY

The Constitutional Government therefore feel they have the political authority, strength and popular support to go ahead, so as to remove the country from the difficult period it is experiencing and give new hope, a new path of progress to all our people.

Militant

private enterprise, to many workers in 1974-75, was the goal to be slain without mercy. Urged on by the militant, long-organised Communist Party, military and civilian forces in 1975 nationalised over 90 per cent of fixed capital...

The complex will hinge on a deep water port located on vital shipping routes, geared to the tanker trade, with an oil-refinery processing 10m. tons of crude annually...

The great white hope of the Government and men planning and executing it is the gigantic Sines complex on the border of the southern Alentejo and Algarve provinces...

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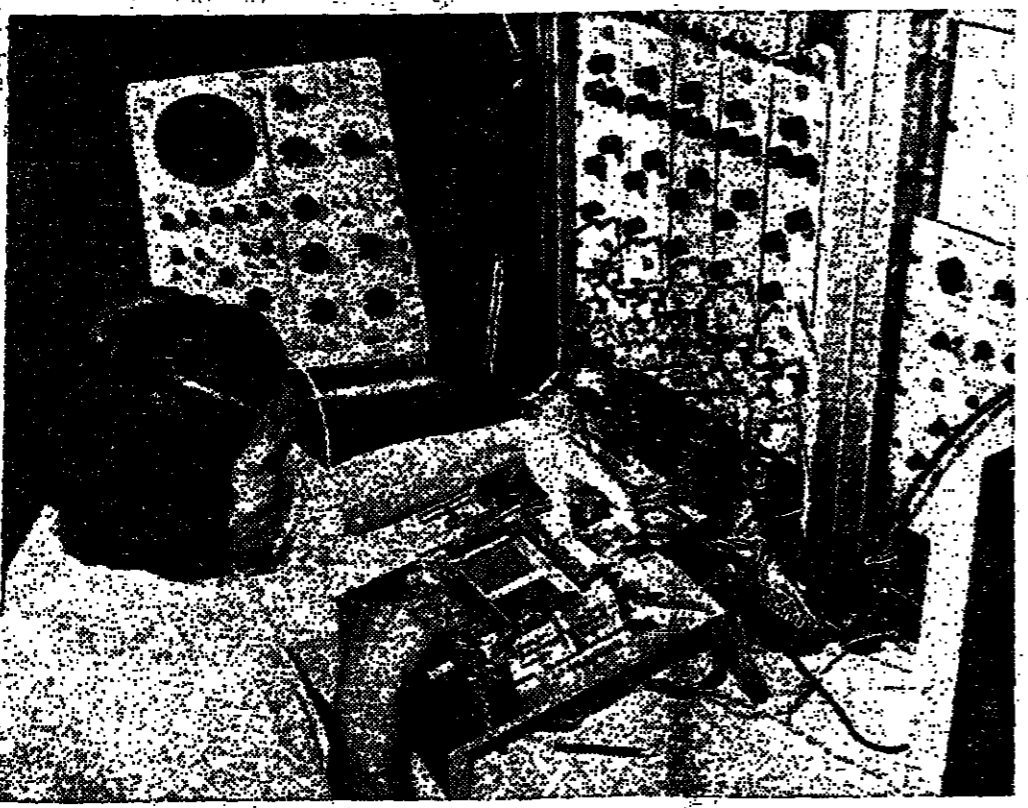
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Automatic testing of memories at Plessey's factory in Lisbon.

Banking

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Diana Smith

Paul Eilman

# PORTUGAL IV



Mario Soares

## Mario Soares

MARIO LOPES SOARES, Prime Minister of Portugal, is 52 years old—the doyen of a socialist Cabinet whose ages average about 35. He was born into a republican, liberal family; he confesses to gut reaction opposition to the Salazar and Caetano regimes; he went to jail for his views more than once.

In exile in France, Mario Soares imposed his tough, gregarious, articulate personality on European leaders, cultivating friendships that have stood him in good stead since his triumphant return as leader of the new-born Socialist Party shortly after the April 1974 coup.

Sr. Soares, a law graduate, flirted briefly with communism as a youth, at a time when the current Secretary-General of the Communist Party, Alvaro Cunhal, was a tutor at the private school run by Dr. Joao Soares, the Prime Minister's father.

Mario Soares has undergone a sea change from theoretical marxist socialism to pragmatic social democracy and, sometimes, something more conservative if the moment calls for it. "It's easier to be in opposition than in Government," he confesses. He heads a minority Government which polled 33 per cent of the popular vote in the December, 1976 municipal elections. He can take nothing for granted.

The Europe of the Common Market is the dream to which

Mario Soares clings. Meanwhile he walks a tightrope without a safety net, relying on his balancing skills to ward off pressures from his left and right. Old ladies weep and embrace him on his walkabouts. He is an accomplished hand shaker who shuns the attentions of officious bodyguards. An instinctive populist who also enjoys good living, good food and family outings. Wistfully, he said recently: "I'd love to go to the cinema, but I haven't the time. Perhaps I'll go next week—unless we have a crisis."



Freitas do Amaral

## Freitas do Amaral

PROFESSOR DIOGO FREITAS DO AMARAL, 36, is president of the Christian Democrats, the third most popular party in the April 1976 legislative elections.

An expert in administrative law and lecturer abroad in comparative law, the professor is recognised as a cool, determined thinker.

He reads a stately course as head of his party, whose rank and file is markedly more right wing than the leadership, preferring at this time to be the civilised opposition, voting with the Socialists in Parliament when this is in the CDs' long-term interest, rather than being an active gadfly.

He has been invited to head the Commission revising the administrative code—an ironic situation, since the invitation is extended by a Socialist Government to a pupil of Marcelo Caetano, former dictator of Portugal.

## Jose Casqueiro

SR. JOSE CASQUEIRO, 37, is a farmer by trade and Secretary-General of the powerful, aggressive CAP (Confederation of Portuguese Farmers) by vocation.

Loved by thousands of smallholders and a handful of once-powerful private landowners, detested by rural labourers, their unions and the Portuguese Communist Party, whose domination in the farming province of Alentejo and Ribatejo the CAP seeks to defeat, Casqueiro is a man who speaks quietly in private and vehemently at mass farmers' rallies.

The power and bluster of the CAP—which put off roads and railways on the eve of the abortive extreme Left-wing uprising of November, 1975, and repeatedly threatened to cut food supplies to Lisbon if the Government ignored its demands to halt the land grab of the time—has forced provisional and constitutional Governments to correct the abuses of the land reform.

Because, deep in its shadows, or moderate conservatives as long as it suits them, stand men whose aim is not so much protection of smallholders or private farmers as a whole, but overthrow of any Government that does not represent a return to the extreme right-wing authoritarianism of the past, the CAP will never enjoy full credibility in the eyes of objective observers.

Meanwhile, Sr. Casqueiro carries the banner for Portuguese farmers, some 700,000 in number—not all of whom accept the CAP as their standard-bearer.

## Alvaro Cunhal

ALVARO BARREIRINHAS CUNHAL, 63, is secretary-general of the Portuguese Communist Party—and has been a member of the party since his teens. He is a law graduate.

Under the Salazar dictatorship, he spent 11 years in prison, which ended with a spectacular escape from the high-security fort of Peniche in 1960. Cunhal lived in exile in the Soviet Union and Czechoslovakia until 1974 when he returned in the wake of the



Alvaro Cunhal

April 25 coup to take up his present active role as secretary-general of the party (a position he had held since 1961, but which he could not actively execute).

Cunhal's acquiline features and shock of white hair makes him an arresting figure at the mass rallies over which he presides. He is the unquestionable head of the Portuguese Party, a man whose allegiance to Moscow has been impervious to the siren song of Eurocommunism.

On his party, with its domination of 80 per cent of Portuguese Labour through the General Confederation of Portuguese Workers, and his flexibility or obstinacy, depends the long-term progress of the Portuguese economy.

Younger communists would not be averse to more elastic attitudes in labour and in politics—but as long as Cunhal is the leader, with the scars, both physical and psychological, he bears from decades of persecution and resistance to a right-wing system, it is unlikely that the Portuguese Communist Party will alter its animosity to what is described as the "recovery of capitalism."

## Francisco Sa Carneiro

FRANCISCO SA CARNEIRO, 43, heads the Social Democrat PSD/PPD. A law graduate and member of the Deputies to the old National Assembly in 1969-1973, he tried, generally unsuccessfully, to introduce reforms into the resistant dictatorship of the time.

Founder-member of the PPD, Sa Carneiro has proved himself a pugnacious, ambitious opponent to Mario Soares—but until the PSD/PPD increase their present 24 per cent share



Francisco Sa Carneiro

of the popular vote, he has little hope of heading a successful government formed of the PSD/PPD alone.

His party's declared social democratic image is somewhat tainted by the conservative stance of its branches on Madeira and in the Azores, where the PSD/PPD heads the autonomous regional governments.

## Antonio Vasco de Melo

ANTONIO VASCO DE MELO, 45, an engineering graduate who took the advanced course in management at Harvard, is president of the CIP—the Confederation of Portuguese Industry, an organisation formed in August, 1974, to represent the country's 36,000 small and medium-sized private companies.

Member of a prominent and powerful family (his close relatives owned the huge CUF monopoly now nationalised), Vasco de Melo has survived the tribulations of 1974-75 with his position and reputation intact, one of a limited number of men of his breed who stood their ground in the face of verbal and physical threats, adjusted themselves to a new system and resolved to operate within it, while reserving the right to judicious criticism.

The CIP has become an active and strong voice in the campaign to define limits of the public and private sectors, nag the government into encouraging private investment and rationalising labour relations.

At a time when the Communist Party or the extreme Left dominated the Portuguese Press in 1975, de Melo founded *Jornal Novo*, a Lisbon evening paper, as an alternative voice—a moderately conservative one now, after a change in editor.

De Melo is a quiet man with a tired face, who divides his overpressed time between the CIP, *Jornal Novo* and the private industrial wire firm he (and a workers' committee) directs.

## Otelo Saraiva de Carvalho

MAJOR (former acting general) Otelo Saraiva de Carvalho, 40, describes himself as a Robin Hood. His warm, somewhat eccentric nature endeared him to Portugal's underprivileged—the clientele his extreme Left-wing backers in the MUP (Movement of Popular Unity) hope will return to leadership of a new revolution.

Meanwhile, the man everyone calls Otelo with no need for surnames, master planner of the military coup that overthrew Marcelo Caetano's dictatorship in 1974, ex-head of the controversial, unruly COPCON (Continental Operational Command) which appropriated political, military and police powers in 1974-75, former councillor of the revolution, is muzzled by the military authorities as a result of his alleged involvement in the far-left uprising on November 25, 1975, subsequent arrest and release on bail pending trial.

Restrictions on his activities, even some socialists love to be lifted temporarily to allow him to campaign for the presidential elections last June. He stunned those who thought him finished as a public figure by a colourful campaign, red cinema, Portugal with third world countries in hand, voice raised in the strains of Grandola, Vila Algerian system, Melo Antunes, Morena, anthem of the 1974 Revolution of the Carnations, which earned him almost 17 per cent of the popular vote, placing him second to General Ramalho Eanes and decimating the support of the Communist candidate, Octavio Pato.

Otelo is an off-beat revolutionary who admits he has only skimmed through one or two chapters of Marx and claims innate understanding of the dreams and needs of the masses. Many authorities would like to forget Otelo—and like the people to forget him. He is there, however, watchful and waiting for his chance.



Otelo de Carvalho



Ernesto Antunes

## Ernesto Melo Antunes

MAJOR Ernesto Melo Antunes, 44, is the theoretical Marxist; the soft-spoken, dark-glass-wearing revolutionary councillor of Portugal's right centre and some socialists love to be lifted temporarily to allow him to campaign for the presidential elections last June. He stunned those who thought him finished as a public figure by a colourful campaign, red cinema, Portugal with third world countries in hand, voice raised in the strains of Grandola, Vila Algerian system, Melo Antunes, Morena, anthem of the 1974 Revolution of the Carnations, which earned him almost 17 per cent of the popular vote, placing him second to General Ramalho Eanes and decimating the support of the Communist candidate, Octavio Pato.

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Major Melo Antunes saw the armed forces movement—a force now fading into distant



President Eanes

memory—as the bi of Portuguese politics remains Head of the National Commission, symbol of the flicker of the Marxist mill of the Communist, but a lary non-middle of. He was instrumental in the downfall of the Communist-leaning Minister General, who drove P stamped towards ruin in 1975 moment, this act keeps Major Mel political standing secure.

## President Eanes

GENERAL ANTONIO RAMALHO EANES, 42 years old, was elected President of Portugal in 1976. A career enlisted in 1955 and way through the ranks, Eanes was not a planner of the 1974 coup that put an end to the dictatorship of General Spínola, a disastrous military and political move which gave the military and Communist the chance for the forward.

Ramalho Eanes, then vice-president of the public army High Command, down the straw of wing military groups that tried to overthrow him on November 25, 1974.

Antonio Ramalho rewarded with a general and less than High Command. Thereafter he spent his time sorting out the country from the ravages and restoring a peace.

Tactful and General Eanes, favourite of the father figure, as president, is an embodiment of a nation to which clings stubbornly elected by 61 per cent of the people.

Antonio Ramalho one of the keys to the future. For the prefers the role rather than mark could change.

These profiles were written by DIANA SMITH

# Agriculture dogged by controversy

OF ALL the issues that have flared up during the past three turbulent years in Portugal perhaps none has been so divisive as agrarian reform—which even now retains its explosive potential.

Any Portuguese Government is constitutionally obliged to push ahead with agrarian reform, as indeed it is with workers' control. The present Cabinet argues that it is maintaining this course. Its opponents on the Left, notably the Communists, accuse it of stealthily dismantling the whole land reform programme.

Agrarian reform was born out of land hunger in the Alentejo, the area to the south of the River Tagus where most of Portugal's latifundias were located. Many of the big estates were kept simply as week-end retreats for rich Lisbon-dwellers. Until shortly before the 1974 revolution the Alentejo's population pressure was eased through emigration to France or West Germany and by the exodus of workers to the building sites of the Algarve and Lisbon.

Both France and West Germany suspended immigration from Portugal in 1974. The revolution put an end to tourist developments in the Algarve and office-building in Lisbon. Those who headed back to the Alentejo and those who had stayed behind were assiduously wooed by the Communist Party and the extreme Left (the Party has a long history in the Alentejo of underground resistance to the old dictatorship). Both made dispossession of estate owners a major aim as the Portuguese revolution headed Leftwards in 1975.

Rules covering how this process would occur were gleefully ignored by farmworkers as they seized properties throughout the region, often literally giving owners only a moment's notice to quit. Leftist

officials attached to local agrarian reform institutes encouraged workers to ignore legal channels, arguing that the seizures could be formalised later.

The result was chaos. Portugal, which once exported more cork (a principal Alentejo product) than the rest of the world combined, has now been forced to import cork to keep its cork-processing industry going.

Altogether some 2.5m. acres were expropriated, only 1m. of them legally. Huge sums of public money were ploughed into the new co-operatives but output, as measured in terms of yield, declined.

The Government estimates that the equivalent of 283m. went to agricultural co-operatives in the form of credits between May 1975 and November last year. Only 18 per cent of this money has been accounted for, a shortfall which drove the Farm Minister, Sr. Antonio Barreto, to suspend temporarily the whole credit scheme at the end of the year.

## Reform

Supporters of agrarian reform argue that the benefit of this expenditure can be seen in 1975's high wheat crop, which allowed Portugal to reduce the cost of its wheat imports in 1976 by 80 per cent. Last year's crop is estimated by the FAO to be only marginally below 1975, but given the fact that expropriations have brought much new land into use, the yield per acre actually fell by 14.5 per cent, hardly a good sign in a country dogged by traditionally backward farming techniques.

The inexperience of many of those who carried out the expropriations also resulted in the decimation of Portugal's livestock herd as cattle, sheep and pigs were slaughtered to raise

cash for the co-operatives. The country is now going through a major meat shortage, much of the blame for which must be attributed to these slaughtering. In the first nine months of last year the price of pork alone rose by 454 per cent.

It is hard to rectify this situation, and also to reassure potential foreign creditors, the Portuguese Government has made a start, albeit a timid one, on introducing some sort of order in the Alentejo. This will be done partly through restoring properties to dispossessed owners and partly through measures designed to break up into more manageable units some of the bigger co-operatives.

Success in this could bring considerable political benefits to the Government, which is determined to break the political stranglehold the Communist Party exercises in the Alentejo. Not that the drama of the land grabs in the Alentejo is the whole story as far as Portuguese agriculture is concerned. Perhaps a stronger brake on the country's progress towards self-sufficiency in food is the smallness of most farms to the north of the River Tagus. (The difference between areas south and north of the river arose through the granting of large tracts of land to nobles who drove out the Moors from the Alentejo region and to a bout of land speculation in the area at the turn of the century, while to the north the lack historically of a law of primogeniture produced the fragmentation of landholdings.)

The last proper census of the Portuguese countryside, conducted in 1966, revealed that 90 per cent of those who drew their livelihood from agriculture were occupied in farming plots of 45 acres or less. This pattern remains north of the Tagus, the heartland of the farmers' protest movement, the Confedera-

tion of Portuguese agrarians, which has a bitter campaign for agrarian reform going.

Previous governments totally failed to reach holders that they were "sucked up into the reform programme" was some evidence Barreto's predecessor Cardoso, was planning areas north of the T. the points system used whether a property for expropriation.

## Task

The major task of the present Government how to win the trust farmers north of the Tagus that it can introduce needed to make their more productive while same time not laying it to attacks from the left that it is giving up reform altogether.

Portugal badly needs its agriculture more plentiful. More than half the food has to be imported from the north, a heavy burden for a country with trade pro-Heavy rains, that will ensure that imports bill for 1977 even higher than in 1976. At the same time 27 of the population are living from agriculture or later many of them will have to be taken from the land. The programme of economic reform is successful.

Present signs point to a source of considerable concern to any Portuguese for a long time ahead.

# In view of the new European dimension for Portugal, the portuguese Banks wish to reaffirm their belief in tradicional forms of trading

- Banco da Agricultura • Banco de Angola
- Banco Borges & Irmão • Banco Espírito Santo e Comercial de Lisboa
- Banco Fonsecas & Burnay • Banco Intercontinental Português
- Banco Micaelense • Banco Nacional Ultramarino
- Banco Pinto de Magalhães • Banco Pinto & Sotto Mayor
- Banco Português do Atlântico • Banco Totta & Açores

## Working for a new Portugal



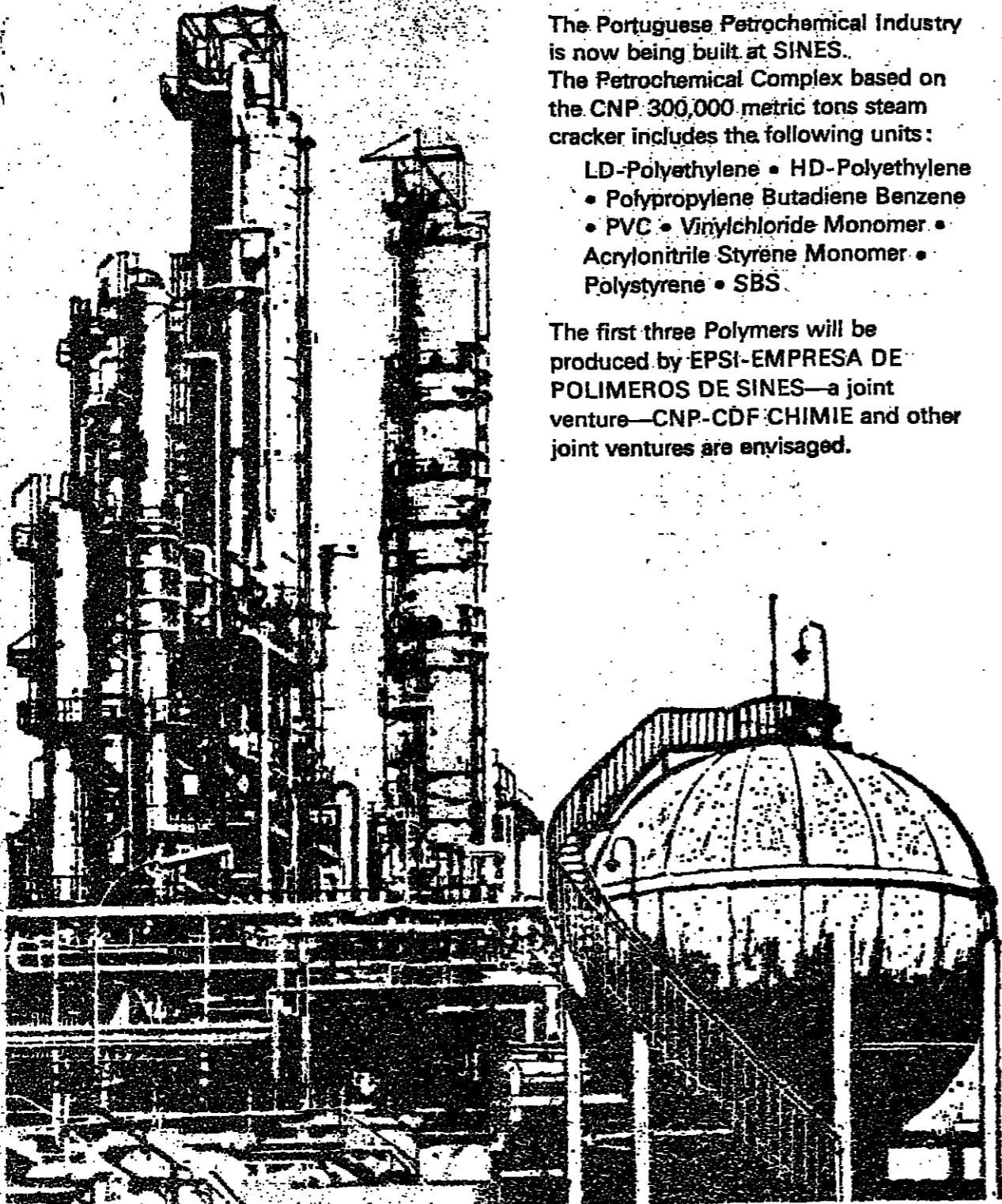
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# FACING THE ATLANTIC A NEW PETROCHEMICAL CENTRE IN EUROPE CNP-SINES

The Portuguese Petrochemical Industry is now being built at SINES. The Petrochemical Complex based on the CNP 300,000 metric tons steam cracker includes the following units:

- LD-Polyethylene • HD-Polyethylene
- Polypropylene Butadiene Benzene
- PVC • Vinylchloride Monomer • Acrylonitrile Styrene Monomer • Polystyrene • SBS

The first three Polymers will be produced by EPSI-EMPRESA DE POLIMEROS DE SINES—a joint venture—CNP-CDF-CHIMIE and other joint ventures are envisaged.



**SINES COMPLEX**, a gateway to Europe. Major Oil Terminal, Ore Terminal, General Cargo Terminal, fishing harbour.  
October 1977: berth for tankers up to 130.000 d.w.t.  
December 1977: berth for tankers up to 300.000 d.w.t.  
December 1978: berth for tankers up to 500.000 d.w.t.

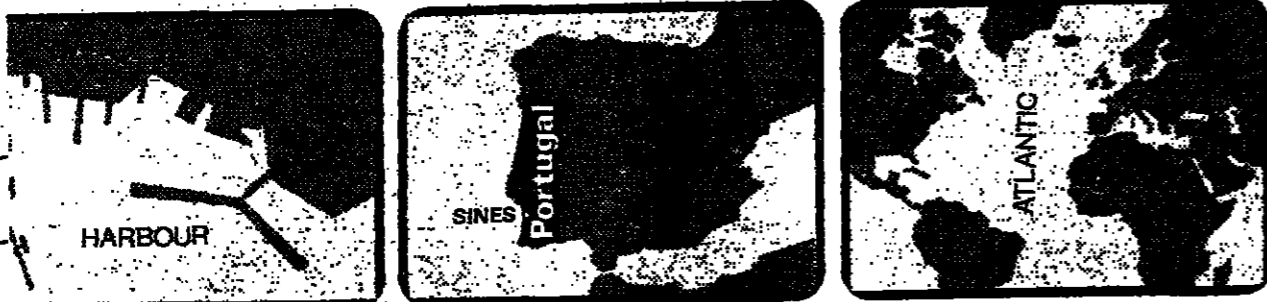
**SINES COMPLEX** an investment opportunity. Refinery, petrochemical complex, fertilizers complex, heavy metal-mechanics, chemical industry and non ferrous metallurgy, several unities of light industry, complex for pyrites processing.

## Atlantic Europort SINES COMPLEX A concept for the World

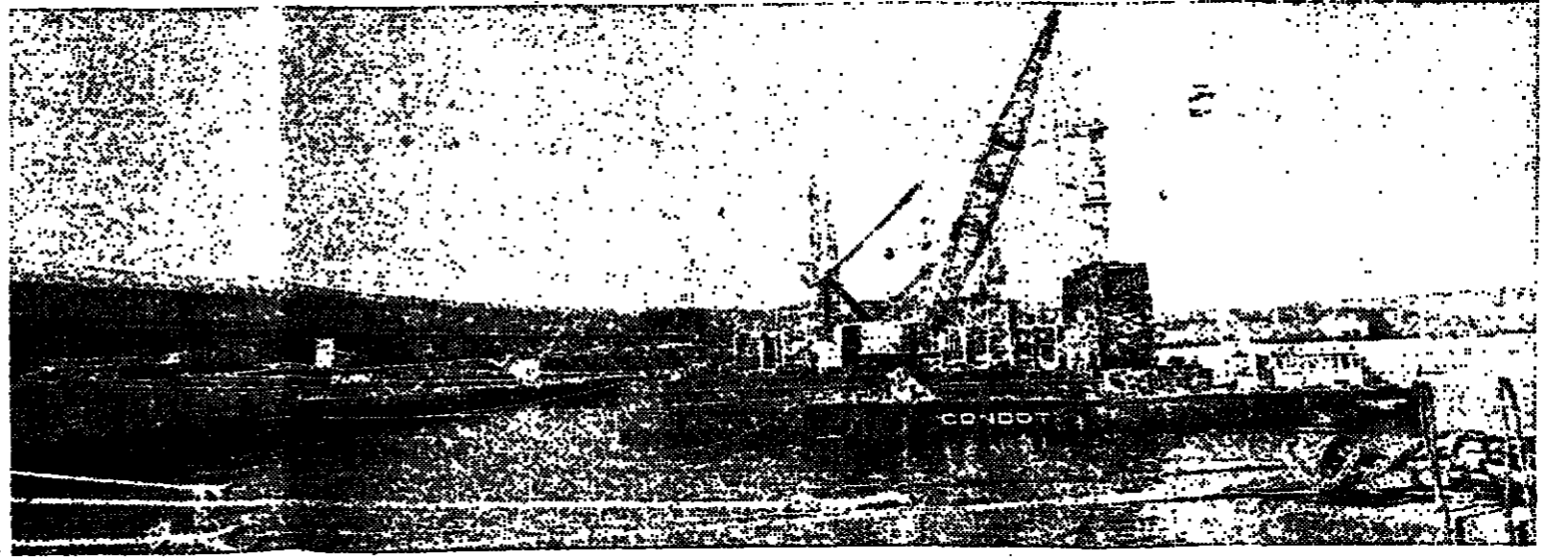
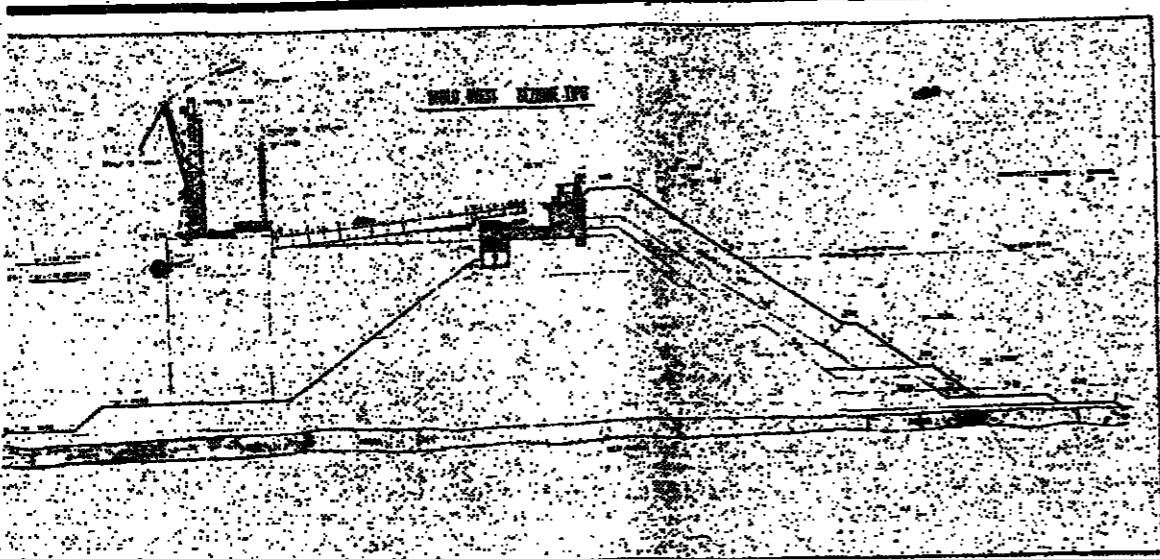
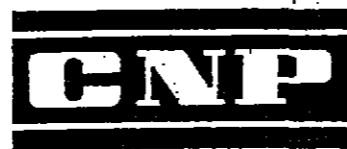
**SINES COMPLEX** a new way of living. New town for 100.000 inhabitants, leisure activities, protection and preservation areas, road and railway networks, public services.

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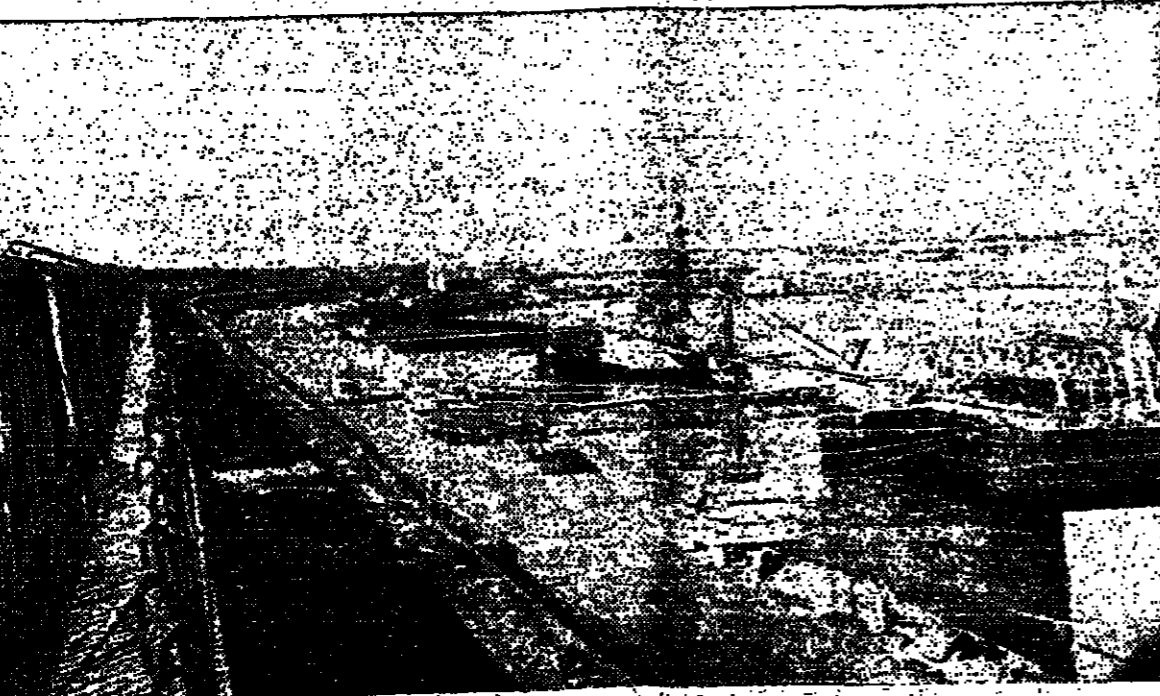
COMPANHIA NACIONAL DE PETROQUÍMICA  
Artilharia Um, 79, 7.º Lisboa - Portugal - Tel. 67 60 71 - Telex 18557 - PETROS P



## Società Italiana per Condotte d'Acqua Roma Sines Dockyard

DATA AT DECEMBER 31st 1976.

Working hours .....	6,700,000	Rock mc .....	5,967,237
Concrete mc .....	168,059	Caissons met. 17 x 22 depth of foundation from -15 to -35 ...	7
Re-inforced concrete mc .....	11,316,169	Caissons mt 15 x 15 depth of foundation from -15 to -35 ...	13
Dolosse 40 tons (Caisson units)	No. 13,981		
Dolosse 15 tons (Caisson units)	No. 1,289		







J.P. Monteiro

# Refugees a scar on society



Refugees from Angola and Mozambique claiming state allowances in Lisbon.

Portuguese weavers, spinners and clothing manufacturers are keeping about. The industry protectionists when the old regime tried to force us to buy of the total value of Portugal's branch cotton only from transforming industries, and Angola or Mozambique and give holds top place in the scale of preference in colonial markets. exports (with 50 per cent. The firms which gave in have the product sold on the domestic market).

Quality, by the admission of industry leaders, has dropped in the past two years—for the first time, numerous complaints have come in from Russia, among other countries (one of the new markets secured after April 25, 1974).

### Dialogue

At the moment, successful dialogue between management, government and unions is hampered. Management is angry and frustrated, the government is trying to be all things to all people, mindful that the Communist Party controls 85 per cent of labour through the General Confederation of Workers, unions are trying to show a strong hand, as legitimate representatives of textile labour, despite the fact that on occasions, infuriated female officials out of northern factories, threatening to thrash workers within an inch of their lives, if they return.

A Portuguese weaver won the golden needle award this year. Manuel Gonçalves (employing about 4,000 workers each), have and threads can compete on a quality basis, with goods from Europe gap between management and workers and most managements are prepared to make an all-out effort to keep Portuguese textile on the international production thanks to closer relations between owners and workers—often workers do not understand—or care to understand—why strikes are held and resist attempts by unions to enlist them.

Management is adamant that until the government clearly defines the rights and frontiers of the private sector improves I'm not about to give in. I'm bank credit facilities and above all sits down at the table and talks frankly no rapid improvement is possible. "Private enterprise is private enterprise," they say. "We need to be allowed to use our initiative if I bought a Rolls."

D.S.

### Northern

CONTINUED FROM PREVIOUS PAGE

goods, competing successfully with rivals from the Far East. For the last month, a considerable percentage of northern textile workers—and almost all those in the Noolens district of Covilhã, northeast of Lisbon, have been going slow or striking all out, ostensibly for fringe management into signing and applying a long-outstanding labour contract.

### Underpaid

"If textiles die," said a representative of the industry, "Braga dies. Workers will have create a vertical union throughout the sector which, previously matter of life and death." Workers meanwhile maintain graphical and specialised parts that management has grossly (for threads, clothing, knits, underpaid them—not even the woolens, etc) is an "enormity," national minimum wage—and which not only unions but the government are trying to impose survival. Despite internal troubles and ductions, orders and confidence, quotas on imported textiles Portugal's textile industry threads or knits in the U.K., boasts equipment as good as Scandinavian countries, France any in Europe (albeit imported and, in the near future, Canada,

D.S.

inflation prices. About 9 per cent, 70,000 who, according to Lient of hotels and pensions housing Colonel Ribeiro, still live in in-refugees are known to have human conditions (barns, fields, tents, shacks and derelict buildings). Fly-by-night money changers took Angolan or Mozambique currency from "retornados" for Africa when things settle down, or for South America or Australia (especially Timorase refugees). Without skills they have little hope of being accepted as immigrants—most have few or no special skills. Meanwhile, refugees are a chronic social and financial problem, a time-bomb ticking quietly until their energies are harnessed.

### Chaos

Lt-Colonel Goncalves Ribeiro, High Commissioner for Refugees, appointed by the Government to end the chaos and foster integration of the dispossessed, skilled and unskilled, into Portuguese society, told the Press recently that in 1976 the Government spent £110m. on housing refugees. "We realise we were on the wrong tack," he said. "Now we are trying to provide fishing rods instead of fish." The Government has allocated credits for refugees, trying to set up businesses. One group has formed a clothing factory in the north—with a state credit of £33,000 to start them off. Others have formed farming co-operatives or cement factories. Fifteen per cent of the 450,000 registered "retornados" receive state allowances. By September 30 this must end—on that date the government will cease paying all hotel bills. Officials are frantically searching for alternative accommodation for refugees still living in hotels or pensions, and for the

ment, which inherited a chaotic, piecemeal, corrupt refugee welcome. A bettered, more organised—its Institute had my own role for Aid to Returning Nationals in Lusitania. Now I'm (IARN) — from earlier—provisional governments, has been I could be like most trying to sort out the mess. Jobs. But what there for me? While Portugal staggered under the impact of a Left-wing revolutionary leap forward, 50 years old, by taxi driver, Portuguese by force of violence, let off steam, late in the driving rain, turned Lisbon into a loud and morose in five months. The official registered refugees (returned people) changed on customs' counters, dogs, birds, monkeys, and Cape Verde and when Portugal divested of its former colonies in the new regimes took refugees have not yet. The Government is ng to them to come for. No one knows what the "retornado" population is. The range is 400,000 and 1,000,000. He had the drive to get a job, even if not the one he wants. The Government's expense, because to live on state there was nowhere else to put a monthly pension of 30, which does not stretch expensive Portugal. minority socialist govern-

## ADVERTISEMENT

# BANCO DE PORTUGAL-LISBON

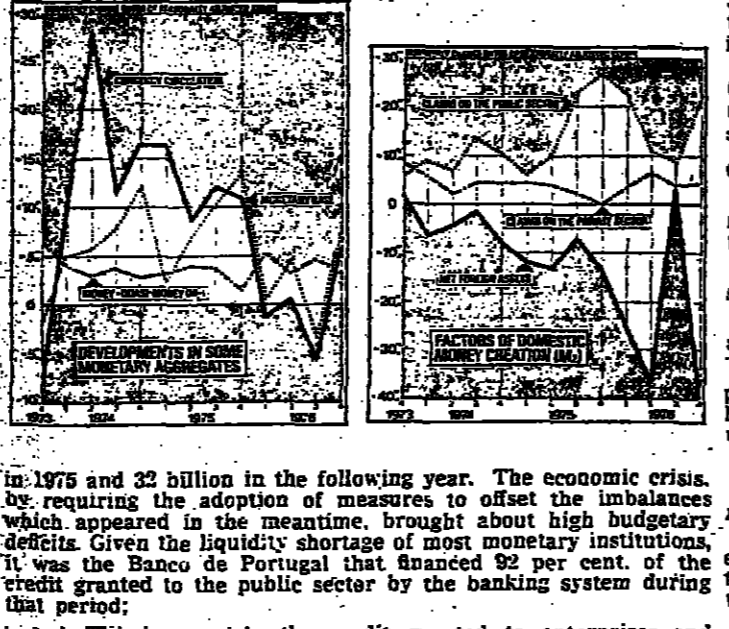
etary and financial situation. Portuguese monetary and financial situation in the past years reflects the political, economic and social changes which came after the 25th April as well as the consequences of the national economic crisis. Such changes rendered particularly the action of the monetary authorities, who endeavoured to put a more active monetary policy, with a view to offsetting the effects derived from the political and economic crisis, favour of the public and the institutional changes which d in the medium.

Factors of domestic money creation. Developments in factors of domestic money creation in the past three-year-periods show: a) Substantial reduction — after a period of continuous increase — of net foreign assets, as a result of financing the increasing balance of payments deficits, in spite of the measures taken in 1975 and 1976 in order to improve the external imbalance.

deposits rose nearly 4 percentage points and those for major asset operations between 3 and 3.5 points. Thus, it may be said that, generally speaking, the modifications introduced in the several rates, were aimed at not excessively aggravating the financial situation of enterprises, improving the earning capacity of commercial banks and, particularly, stimulating the formation of savings, a vital condition to the improvement of the national economic and financial situation.

fields, there was a sharp reduction in the balance of payments deficit due to the strong recovery in tourism receipts and emigrants' remittances. Current account. The current account which from 1966 to 1973 had always shown surpluses, recorded a deficit of 21 billion escudos in 1974 (approximately 6 per cent. of GDP). In 1975, in spite of the reduction in the trade account deficit, the negative balance in the current account remained of the same order of magnitude as that recorded in 1974. In the past year, the favourable development net receipts from tourism and emigrants' remittances with special incidence in the 2nd half—were not sufficient to offset the aggravation of nearly 30 per cent in the trade account deficit and a higher deficit is thus estimated for the current account (approximately 28 billion escudos).

action taken by the Banco de Portugal monetary policy conducted by the Banco de Portugal d in increasing the monetary base through the expansion granted to the public sector and to monetary and financial ons, so as to offset the restrictive effect brought about by ction of net foreign assets and to led support to the opera- economic activity.



As a result of the work carried out by this committee, in May 1976, two banking houses were merged into two commercial banks and, in January 1977, four commercial banks were merged into three larger sized ones. In July 1976, the opening of new branches in areas definitely covered by banks was also authorised. The work of this committee pursues two main directions. On the one hand, to reduce, through mergers, the number of multivalent banks and, on the other, to enlarge the sector specialisation of banking institutions.

Trade balance. The high increase in the value of imports in 1974 reflects the rise in world prices of foodstuffs, raw materials, and fuels, as well as the income re-distribution which took place in that year. In turn, the decrease in imports in 1975 reflected the decrease in the rate of domestic output and the effects of the restrictive measures adopted, namely the 20 and 30 per cent surcharges levied on the import of non-essential goods and of other credit selective measures. In 1976, the trade balance deficit is estimated to reach nearly 9 billion escudos. In the first nine months, there was an increase of 15.5 per cent in the value of imports (approximately 4.5 per cent in volume), and an increase in exports of 8.8 per cent in value (about 7.7 per cent in volume).

ANNUAL RATES OF CHANGE (in percentage) 1971/73, 1974, 1975, 1976. At m.p. in volume, 8.1, 18.9, 13.8, 29.3. Implicit in GNP, 24.7, 13.6, 12.8, 17.5. Velocity of M2 (V2), 27.5, 3.2, 0.9, 24.8. Deposits, 5.9, 28.9, 83.3, 5.8. Monetary base, 15.5, 34.4, 37.7, 8.8.

Interest rates. Beyond the refinancing of commercial banks by the Central Bank and the reduction in legal reserve requirements referred to above, there should be mentioned also as an instrument of monetary policy adopted by the Central Bank, the utilisation of interest rates. Thus, the discount rate of the Banco de Portugal, rose from 5 per cent by the end of 1973, to 6.5 per cent in July 1974 and to 7.5 per cent by the end of that year and decreased a year later to 6.5 per cent, where it still remains.

External balance of payments of Portugal—global analysis. Up to 1973, the structure of Portugal's external balance of payments was characterized by increasing trade account deficits chiefly covered by emigrants' remittances and tourism net receipts, which gave rise to global surpluses and the consequent increase in the gold and foreign exchange reserves of the country. This situation reflected nevertheless several structural imbalances in the domestic economy and its high vulnerability to external economic conditions.

Receipts from private transfers—mainly corresponding to emigrants' remittances—have become an essential factor in the balance of payments. In this connection and in order to encourage and protect the inflow of such savings, there were recently established deposit accounts in foreign exchange to be used by emigrants, with guaranteed exchange rates and favourable conditions for borrowing designed particularly for the purchase of houses. These measures together with the regularisation of the international political situation should see the beginning of favourable behaviour in emigrants' remittances in the second half of 1976 (+7.3 per cent, as compared with the same period of 1975). Net private transfers are estimated to reach in 1976 the level of 1974 (approximately 28 billion escudos) thus exceeding the amount of 1973 (27 billion escudos).

PERCENTAGE BREAKDOWN OF THE COMPONENTS OF MONEY SUPPLY (M2)

	1971/73	1974	1975	1976
Treasury circulation	15.3	20.4	29.0	24.6
mand deposits	39.2	32.5	30.0	36.5
deposits	44.5	45.7	41.0	44.9

PORTUGAL VIII

Tourist potential can be exploited

ALTHOUGH the 15 per cent something to offer to people devaluation of the escudo makes depressed by the bleak weather...

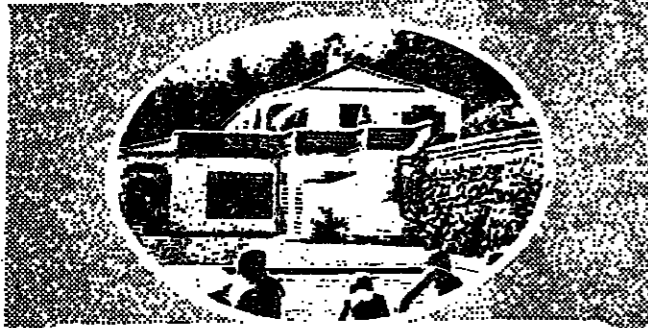
businessman or housewife can watch seagulls, swim, or play golf unbothered by hideous high rise construction.

landsapes, particularly from Germany and Scandinavia, has led to a serious shortage of accommodation.



Praia de Alvor in the Algarve.

This is a land of white sand beaches, mountains and often bleached open spaces still spectacular scenery.



There's a welcome waiting

The Algarve is a holiday makers' paradise. Miles of sandy beaches, tiny coves, harbours, quaint fishing villages...

MEON VILLA HOLIDAYS in the Algarve

32172 High Street, Petersfield, Hants. Tel: 0730 4311 (24 hrs) NORTON ASTA, WATA, ATOL 0763

Catering and entertainment have serious failings, which the minority socialist Government has tried to improve.

In the Algarve, potentially Portugal's main source of tourist foreign exchange, two thirds of the accommodation consists of villas and apartments rather than hotels.

Labour

Furthermore, on the basis of the cheap labour available before 1974, most hotels and developments are highly labour-intensive and therefore unable to operate profitably unless official staff requirements are drastically reduced in the near future.

Madeira has, generally, not been affected by the 1974-75 revolution. Contrary to events on the mainland, the influx of foreign tourists has shown a constant increase.

The long-forgotten interior of Portugal, with its many charms and dozens of pleasant roadside inns and restaurants may now become more accessible to foreign visitors.

However, their limited size and scattered locations will restrict their access to the curious or the cogniscenti pre-occupying the unquestionable charm of the Portuguese countryside from the masses as a whole.

wines will not fail to attract the more adventurous traveller. In view of Portugal's undeniably tourist potential reasonable optimism is justified—but qualified, by the Government, industry and unions' capacity and willingness to pool their interests and efforts in rationalising a vital sector which has been greatly neglected by successive administrations since 1974.

D.S.

Politics and the military

Meanwhile, with large percentages of group bookings going to internal tourism, and still—with occupancy of flats formerly rented to foreign tourists by refugees from Portugal's former colonies in Africa and the Far East, the country is incapable of absorbing any massive increase of foreign tourists during 1977—with a consequent relative loss of foreign exchange.

The recent allocation of Esc.1.5bn. (£25m.) for completion of hotels under construction—which has been dragging since the military coup of April 25 1974—and the Government's willingness to promote further projects should improve prospects for 1978 and later years.

PORTUGAL'S LATEST austerity measures were, it is said, prompted at least in part by fears that unless Sr Soares' Government acted more forcefully to rescue the economy from collapse, Right wing elements inside the armed forces would step in.

they served as a reminder that the Portuguese armed forces have not entirely lost the taste for politics they acquired with the coup they staged on April 25, 1974, in order to end almost half a century of Right wing dictatorship.

and Britain as signs of their disapproval of the colonial policies pursued during the 1960s.

It is doubtful, however, whether villa and apartment developments, mainly in the Algarve, initiated on a specu-

Whatever the truth of the reports, and the threat of a military comeback is a useful stick for civilian politicians,

The Council has so far avoided interpreting this role in a way which would bring it into a confrontation with the civilian legislators.

Portugal's isolation from the rest of Nato continued when the revolution initiated by the armed forces in 1974 took a dramatically leftward course.

The Council has so far avoided interpreting this role in a way which would bring it into a confrontation with the civilian legislators.

Eanes followed up his victory by using his position as Army Chief of Staff to launch a purge of leftist elements while at the same time, in conjunction with Brigadier Firmino Miguel, the current Defence Minister, drafting a plan to restore the operationality of a force whose effectiveness had been sapped, by two years of barracks room politics.

Training

Nevertheless, elements inside the armed forces, whether on the left or on the right of the political spectrum, still let it be known from time to time what their feelings are on the direction the country is taking.

With the help of the U.S. and West Germany a re-equipment and retraining programme has got underway.

A recent example of this has been the noises emanating from Colonel Jaime Neves, commander of the Commando Regiment, who has taken to meeting with civilian politicians and to voicing his concern about events to the President, General Antonio Ramalho Eanes.

Re-equipment has so far seen Portugal receive armour and training planes from the U.S. and a squadron of jet fighters from West Germany.

President Eanes, as chairman of the Revolutionary Council, serves as a bridge between the civilian and military wings of Portugal's new democracy, a function which his critics maintain has forced him to act too much as a chief of staff rather than a Head of State.

Ironically the reorganisation of the armed forces has produced an increase rather than a decrease in defence spending.

President's supporters retort that the low profile he has adopted stems from his desire to give Sr Soares' Government, as the properly constituted Cabinet, the maximum possible leeway to get on with its job.

Portuguese military planners argue that a more effective contribution to Nato is a bonus to the Alliance when so many members are talking in terms of cutting their commitments.

Officers associated with the President have, meanwhile, addressed themselves to the problem of giving Portugal the kind of armed forces it could be said to need now that the colonial wars are a distant memory.

Portugal is, after all, one of the few Western nations with a reservoir of manpower which has seen active service in recent years and the soaring level of unemployment has ensured that there is no shortage of volunteers for the armed forces.

From a peak of 201,000 men at the height of the African wars, the armed forces have been cut back to a present level of some 50,000.

Civilian politicians are entitled to demand in return that the military continue their march back to barracks, making sure of course that this is to be the accompaniment of a great deal of drum-beating about the historic contribution the armed forces made to bringing back democracy. So long as rumbles from within the armed forces continue to make civilians jump, Portugal will be trapped in a situation which makes effective government almost impossible.

Accompanying this reduction in size has been an attempt to make the armed forces more effective within a Nato framework. Portugal, under the old dictatorship had a nominal two division commitment to the alliance but the needs of the colonial campaigns ensured this was never met.

The diplomatic isolation inflicted on Portugal was backed up by embargoes on arms sales to Lisbon by the United States

P.E.

NO. 9 LUZ BAY CLUB

Detached 2 bedroom villa standing in its small secluded garden with orange, lemon, grapefruit and palm trees.

JENKINSON, Luz Bay Club, Lagos, Algarve, Portugal

From the Costa Verde in the North to the Algarve in the South, Portugal is coves and castles, pinewood and palaces, sweeping beaches, and mountains that swoop down to the sea.

Untouched, untamed. And unlike anywhere you've ever been.

Portugal is quiet villages, exciting cities, cobbled streets and elegant avenues, fishermen's cafes and fashionable restaurants, enchanting inns and beautiful hotels.

The sand's the finest, the sea's the bluest and, for your golf, the greens are the greenest.

Portugal is a land of love songs, wine, constant sunshine, charm and warm welcomes. And food you've only dreamt of up till now.

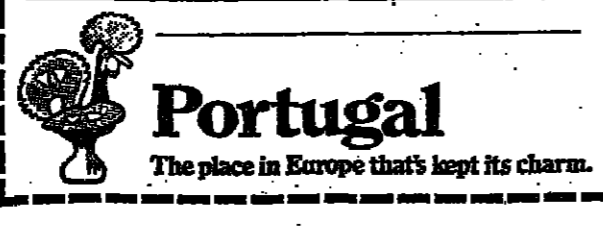
Portugal is whatever you want it to be.



Choose your Portugal.

For further information, please send this coupon to: Dept. FT14, The Portuguese National Tourist Office, New Bond Street House, 1, New Bond Street, London W1 or telephone 01-493 3873.

Name \_\_\_\_\_ Address \_\_\_\_\_



Advertisement for HOLIDAYS ALL YEAR ROUND in the ALGARVE, listing various hotels like HOTEL GOLFINHO, HOTEL S. CRISTÓVÃO, HOTEL MEIA PRAIA, HOTEL BRAGANÇA, HOTEL SERRA DA ESTRELA, HOTEL D. IOAO, APARTHOTEL DI, HOTEL FENIX, APARTHOTEL DI with contact information.

Advertisement for ESTORIL SOL HOTEL & CASINO, featuring a circular logo and text: 'We exist so that you may achieve the perfect holiday. We offer a style of life only found in the best international holiday and resort for you comfort the HOTEL ESTORIL-SOL-CASINO and the H. GUINCHO-CASINO—two hotels of distinction for golf, the sun and beauty of the new nine-hole ESTORIL-SOL Course, situated 5 minutes from the beach, nestled in an idyllic setting under the Serras near the Lagos Azil. After a day of playing golf, switch to the ESTORIL CASINO and to gaming, this time the slot machines, roulette, baccarat, "black jack" or "blackjack" and watching whatever first-class floor-show is featured that night.'

Handwritten Arabic text: مكنى اى اى

J.P. [Handwritten signature]

# Quebec on a nationalist tightrope

BY W. L. LUETKENS

UMOUR is getting the legal profession of separation in 1970 with all these days. "It's as if it were still a young man, but he is dying." The PQ was in no way some little specimen. There is a similar let-down now, after the Olympic Games. History need not repeat itself, but the warning is there.

The PQ holds that Quebec would benefit economically from severing confederation with the rest of Canada. It argues that the English establishment has protected the historic industrial pre-eminence of Ontario; and that English-controlled financial institutions have been draining off Quebec savings for investment elsewhere. The party programme therefore proposes that life insurance companies operating in Quebec should be forced to match their liabilities there with investments of at least the same amount.

The party's programme also proposes that banks working in Quebec shall be at least 75 per cent Quebec-owned, that no fully foreign-owned company shall be allowed to operate there, and that certain activities, such as publishing, should be reserved entirely for Quebec ownership. These are proposals that were hardly ventilated during the election campaign and not included in the current legislative programme: it remains to be seen in what form and when they will be brought out again.

In their original form they cannot be put into practice except in an independent Quebec; but it would be wrong to underestimate what a determined provincial Government can do even within confederation. In opening the current session of the Quebec National Assembly on March 8, Mr. Lévesque said that a rewritten language law would be tabled way of encouraging some. The signs are that the Cabinet will decide on something more moderate than the worst fears of the English



Mr. Trudeau and Mr. Lévesque (right): How flexible is federalism? How independent is sovereignty?

speakers. Some were afraid that English would be banned from Boardrooms—which would cause headquarters of several banks and other big companies to quit Montreal, English-speaking Quebecers have been promised that their children may continue to attend English schools. That privilege may now be extended to Anglo-Canadians from elsewhere, but not, for instance, to Americans and other non-Canadians which would cause great problems for example to American executives on temporary posting to Quebec.

It is essential to understand the motives behind the proposal. French Canadians have for generations been excluded from the main positions of economic power in Canada, and much of the inspiration behind the PQ policies is to put that to rights. In fact, during the last 20 years or so the French have progressed, but it will take longer for the underlying facts, let alone attitudes, to change fully. One statistic illustrates the point: in 1973, of 104 companies in Quebec employing more than 1,000 people, as many as 43 had no French Canadians on the Board. Of course there is a "jobs for the boys element" behind all the

talk of French language and culture—but then there is something similar behind the Canadian legislation supporting the "Canadianisation" of the Boards of Canadian companies.

**Inequality**

All this is a poor testimonial to the policies pursued in Ottawa for many years which are designed to make Canada a country where English and French enjoy equal standing, and where regional inequalities should be ironed out. Leaving aside the even crasser inequalities between Ontario, or Alberta, and, say, Newfoundland, Quebec has been lagging rather than gaining in the race to riches.

**Investment**

Investors and others are going to be left in the dark much longer about some of the central issues. For instance the precise degree of independence sought remains to be defined. In his speech to the National Assembly Mr. Lévesque used the words "national sovereignty" instead of spoke of a new type of association with the rest of Canada "without the constant spectre of animosity in traditional federalism." That sounds as though it could mean more

than the PQ Government must settle within itself, and hence more room exists for negotiation with Ottawa than some of the more intransigent statements made might lead one to believe.

In any case the problems are by no means peculiar to Quebec. Even Frenchness is not a preserve of Quebec—there are French communities to be found from Newfoundland to Vancouver. Moreover it is not at all untypical that in one of its first big arguments with Ottawa, the Lévesque Government should have at least tacit support from Saskatchewan. Quebec objects to a proposal to make the Quebec co-operative savings banks liable to keep cash reserves with the Bank of Canada, which would bring them under the aegis of Ottawa monetary policy. The proposal will probably fail, because Saskatchewan and other provinces also object.

**Response**

Mr. Trudeau has set up a small civil service group which is to plan the federal response to Mr. Lévesque. One of the first things it is doing is to call for reports from the Ministries about what responsibilities can be safely relinquished to the provinces. The point to bear in mind is that Canada is a huge and varied country: 22m. people live in what is the world's second biggest State by area; they are stretched out across a continent that is wider than the Atlantic and embraces economies from the almost pre-industrial to the almost post-industrial.

Mr. Trudeau's study group will have to have its proposals ready for the campaign preceding a referendum on independence, which Mr. Lévesque has undertaken to hold during his term of office. Opinion polls taken before the election in November showed that only 18 per cent of the Quebec electorate wanted independence, so that the federal cause starts from a strong base. But Mr. Lévesque now has the initiative, and in particular will be the one to phrase the question that will be put. It is a great asset. The "feds" will have to work well and quickly.

**Strategy**

The Quebec savings banks have assets of about \$Can.6bn. (about £3.4bn.) and the PQ Government wants them to play a part in its industrial strategy, in particular the encouragement of small business. The *caisses* have let it be known that they are not interested in unprofitable investments. The Government may have more direct influence over its civil service pension fund which is almost as big as the *caisses* and growing rapidly. The party programme proposed that the fund should become a vehicle for indigenising banking and certain other businesses.

Given that Quebec is by no means the only province which wants to increase its rights (though the issue is somewhat overlaid by French and anti-French tribal attitudes) it is not fanciful to suppose that Quebec could remain within a looser Canadian confederation. Mr. Pierre Trudeau, the federal Prime Minister, and himself a Quebecer, referred to that in

## Letters to the Editor

**controls on**

small army of bureaucrats is occupied in abstracting a slice of "tax" at one point in this cycle, rechristening it a "subsidy" and ceremonially feeding it back into the cycle at another point does precisely nothing to re-structure our sensible arrangement of voluntary, mutual assistance. Such restructuring would happen only if, and when (God save us!) but retained the "tax".

As it is the bureaucratic pantomime evidently keeps numerous bodies comfortably employed, but (unlike cheap council rents) it does not actually produce the wherewithal to finance a single house. Further I would doubt whether this bureaucratic in-and-out-again involves any significant transfer of wealth between the State and its citizens. Given that the saver/depositors join the building society club of their own volition, I doubt whether the system even involves any permanent transfer of wealth among citizens either.

The same is not true of the council house system, whose below-market rents are a true subsidy. The outcome is a political raffle, as those long lists of aspiring council tenants awaiting a house on the cheap, at someone else's real expense, amply testify.

**High income brackets**

From The Chairman, Imperial Group.

Sir—In his letter (March 11) Mr. A. Robinson appears to deduce from figures published in our accounts that we have been granting general salary increases to employees with salaries above £8,500 during the current pay cycle. This is not so.

The Companies Acts require that the accounts should show the actual earnings in the financial year in question. Our year ends in October. The pay code started in August 1976, and thus any salary increase awarded before that date would only be partially reflected in the year to October 1976, but would apply in full in the year to October, 1977. There are, of course, other reasons for variations in these figures such as retirements and consequent promotions, new appointments and, sometimes, new acquisitions.

**debate on**

C. Meakin.

Mr. Rogaly is quite right in his criticism of the everlasting debate about housing for the poor. The difference between the society's administrative overheads. Both of us, and investor alike, to a net-of-tax rate of 20 per cent. We circulate real estate ourselves in a city self-supporting regulated by a market rate. That far reasons best headed by politicians, a skilled, production, and other

**One union at Leyland**

From Mr. D. Walkden.

Sir—Slightly it is now time for Leyland to radically review its management/worker relations. It is evident that with 117 different wage negotiations annually, disparity between plants and loss of differentials occurs. Would it be possible for a new union, The Leyland Car Workers Union to be formed, divided into sub-unions to represent the interests of management and supervisory, production, and other

**Students' fees**

From Mr. J. Wilson.

Sir—The Government's increase in student fees has excited an understandable response in the student body, particularly with regard to the effect on overseas students. Of course, it is tempting to argue that overseas

## To-day's Events

**GENERAL**

Commonwealth Day. Princess Anne attends special service at Westminster Abbey.

Balance of payments figures for February.

EEC Finance Ministers meet, Brussels.

EEC Agriculture Ministers begin two-day meeting, Brussels.

UNCTAD Ministerial meeting on financing commodity buffer stocks continues, Geneva.

Masey Ferguson's Coventry plant expected to resume production after 11-week strike.

Mr. Michael Heseltine, Shadow Cabinet spokesman on environment, speaks at Plymouth Institute of Bankers dinner.

Four-day seminar on Financial Institutions opens, Chartered

**EXHIBITIONS**

Silver Jubilee Exhibition, showing story of Royal Collection from Henry VIII to Elizabeth II, The Queen's Gallery, Buckingham Palace (all year).

Books, drawings and papers of J. R. Tolkien, National Book League, 7, Albemarle Street, W.1 (until April 17).

British stamps and postal history, Gibbons Gallery, 399, Strand, W.C.2 (until March 31).

**MUSIC**

Vivian Banfield gives piano recital of music by Chopin and Schubert, St. Lawrence Jewry next Guildhall, E.C.2, 1 p.m.

EBC lunchtime recitals, Chilternian Strim Quartet, St. John's Smith Square, S.W.1, 1 p.m.

**PARLIAMENTARY BUSINESS**

House of Commons: Debates on redevelopment of London docks and on public expenditure

**Insurance Institute, Aldermansbury, E.C.2.**

London Chamber of Commerce West European section meeting with Austrian trade delegation, 68, Cannon Street, E.C.4, 3 p.m.

Sir Robin Gillett, Lord Mayor of London, attends Saddlers' Company dinner, Saddlers' Hall, E.C.2.

International Packaging Exhibition opens, National Exhibition Centre, Birmingham (until March 18).

**Falkland's feelings**

From the Chairman and others, Falkland Islands Action Group.

Sir—The recent bids from Argentine businessmen for ownership of the Falkland Islands Company, particularly that by Sr. Francisco Capozzolo, backed by the report on islander reaction (Hugh O'Shaughnessy March 9), serves to illustrate three of the points we are most anxious to make known to the British public, in safeguarding the future of the islands.

The Argentines, by trying to wrest control of the islands through back-door manoeuvring, have proven they have little respect for the wishes of the islanders. The use of a Parisian bank to make the Argentine presence less obvious, is indicative of the lengths to which they are prepared to go to circumvent island opinion.

The Falkland Islanders are so wholly opposed to any Argentine presence that they are prepared to leave their homeland rather than suffer the bloody turbulence of Argentine politics. For the Argentine Government to force this issue in order to cover up some of their internal chaos, at the expense of innocent people, is repugnant to right-thinking citizens.

The fact that Mr. Ted Rowlands was aware of the impending offer when he left for negotiations, yet failed to inform the people who would be affected by it, is further evidence that the Government and Whitehall are prepared to abdicate their responsibility to this loyal people.

This sort of attitude is an insult to the whole British nation whom they claim to represent. Mike Summers, Elena Butler, and Leif Barton, 115, Queen's Gate, S.W.7.

## Racal Electronics Limited

has acquired more than 98% of the outstanding Common Stock of

### Milgo Electronic Corporation

Morgan Stanley & Co. Incorporated acted as financial advisor to Racal Electronics Limited in this transaction and as Dealer Manager for the Tender Offer.

## MORGAN STANLEY & CO.

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March 11, 1977.





OVERSEAS MARKETS

EUROBONDS

Firm dollar prices prompt several new issues

By MARY CAHILL

WITH ONLY one new issue being announced in the course of last week, prices in the U.S. dollar sector firmed markedly. Thursday was a particularly good day with rises of between an eighth and three-eighths of a cent being held on Friday.

The other two new U.S. dollar issues to be announced over the week-end are for E.I. Aquitaine and Singer International Securities. The purpose of the Singer issue is to refinance the 11 per cent three-year notes which mature this August (and which were also handled by Goldman Sachs when they were launched in 1973).

The 3150m. issue for Volkswagen was again widely rumoured on Friday, with a number of market operators suggesting that IBS (Securities) might be lead manager. All reliable sources say however that the rumour is, at the least, several weeks premature and that if it does materialise the lead manager will be a German bank.

The ECSC's year-old Canadian foreign bonds, which offer a coupon of 9 per cent, are currently repaid in parallel with a new issue of 100 million dollars, which will be issued in the second half of 1978.

The last Austria offering of 60 million in a seven-year bullet offering by Morgan Stanley, with year maturity at an indicated coupon of 9 per cent, was being quoted Friday.

Table with columns: Borrower, US DOLLARS, Amount \$m, Maturity, Av. Life, Coupon %, Price, Lead manager, Offer yield %.

Table with columns: Bond/Trade Index, Eurobond Turnover, Friday, 100.00, 100.00, 100.00, 100.00.

Indices

Table with columns: NEW YORK - DOW JONES, Mar. 11, Mar. 10, Mar. 9, Mar. 8, Mar. 7, High, Low, 1976/77, 1977/78.

Table with columns: N.Y.S.E. ALL COMMON, Mar. 11, Mar. 10, Mar. 9, Mar. 8, Mar. 7, High, Low, 1976/77, 1977/78.

Table with columns: GERMANY, Mar. 11, Mar. 10, Mar. 9, Mar. 8, Mar. 7, High, Low, 1976/77, 1977/78.

Table with columns: JOHANNESBURG, Mar. 11, Mar. 10, Mar. 9, Mar. 8, Mar. 7, High, Low, 1976/77, 1977/78.

Table with columns: AUSTRALIA, Mar. 11, Mar. 10, Mar. 9, Mar. 8, Mar. 7, High, Low, 1976/77, 1977/78.

STANDARDS AND POORS

Table with columns: Industrial, Composite, Mar. 11, Mar. 10, Mar. 9, Mar. 8, Mar. 7, High, Low, 1976/77, 1977/78.

OVERSEAS SHARE INFORMATION

Table with columns: NEW YORK, 1976/77, High, Low, Stock, Mar. 11, 1976/77, High, Low, Stock, Mar. 11, 1976/77, High, Low, Stock, Mar. 11.

CANADA

Table with columns: CANADA, 1976/77, High, Low, Stock, Mar. 11, 1976/77, High, Low, Stock, Mar. 11.

MILAN

Table with columns: MILAN, 1976/77, High, Low, Stock, Mar. 11, 1976/77, High, Low, Stock, Mar. 11.

TOKYO

Table with columns: TOKYO, 1976/77, High, Low, Stock, Mar. 11, 1976/77, High, Low, Stock, Mar. 11.

AMSTERDAM

Table with columns: AMSTERDAM, 1976/77, High, Low, Stock, Mar. 11, 1976/77, High, Low, Stock, Mar. 11.

BRUSSELS/LUXEMBOURG

Table with columns: BRUSSELS/LUXEMBOURG, 1976/77, High, Low, Stock, Mar. 11, 1976/77, High, Low, Stock, Mar. 11.

STOCKHOLM

Table with columns: STOCKHOLM, 1976/77, High, Low, Stock, Mar. 11, 1976/77, High, Low, Stock, Mar. 11.

VIENNA

Table with columns: VIENNA, 1976/77, High, Low, Stock, Mar. 11, 1976/77, High, Low, Stock, Mar. 11.

OSLO

Table with columns: OSLO, 1976/77, High, Low, Stock, Mar. 11, 1976/77, High, Low, Stock, Mar. 11.

SWITZERLAND

Table with columns: SWITZERLAND, 1976/77, High, Low, Stock, Mar. 11, 1976/77, High, Low, Stock, Mar. 11.

NOTES: Overseas prices exclude 500,000 Swiss francs denominated issues. \* 1976/77 unless otherwise stated. \* 1976/77 denotes year of issue.

J.P. Morgan & Co.

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Main table containing financial data for various unit trusts and offshore funds, including columns for fund names, managers, and performance metrics.

FINANCIAL TIMES STOCK INDICES

Table showing stock indices for various categories like All-Share, Industrial, and Financial, with columns for date and index value.

HIGHS AND LOWS S.E. ACTIVITY

Table showing high and low stock prices and S.E. activity for various sectors.

FT-ACTUARIES INDICES

Table showing actuarial indices for different age groups and durations.

G KONG

Table listing stock prices for various companies in Hong Kong.

SINGAPORE STOCKS

Table listing stock prices for various companies in Singapore.

INSURANCE, PROPERTY, BONDS

Large table listing various insurance, property, and bond products, including company names and policy details.

INSURANCE BASE RATES

Table showing base rates for insurance policies, such as Property Growth and Canton Assurance.

CORAL INC Close 416-421

L.G. Inc 01-351 3468 May Coffee 3773-3784

Businessman's Diary

U.K. TRADE FAIRS AND EXHIBITIONS

Table listing trade fairs and exhibitions with columns for Date, Title, and Venue. Includes events like 'Indian Electronic Components Exbn.', 'Quality by Design Exhibition', and 'National Carpet Fair'.

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Table listing overseas trade fairs and exhibitions with columns for Date, Title, and Venue. Includes events like 'Intl. Construction Machinery Fair', 'International Spring Fair', and 'Botswana Industrial Exhibition'.

BUSINESS AND MANAGEMENT CONFERENCES

Table listing business and management conferences with columns for Date, Title, and Venue. Includes events like 'Marchmont: Tax Saving for Private Companies', 'IBA: Financial Communication in Industry', and 'SIRA: EEC Marketing'.

This week in Parliament

Commons—Debate on the fifth report from the Expenditure Committee in Session 1974-75 on Redevelopment of the London Docklands... Lords—Consideration of Lords Amendments to the Aircraft and Shipbuilding Industries Bill...

WEEK'S FINANCIAL DIARY

Table showing financial diary entries with columns for Date, Title, and Venue. Includes entries for 'Kurdish Co. 10.0225', 'New Zealand 12 1/2%', and 'Lloyds Bank 12 1/2%'.

LABOUR NEWS

Windscale dispute ends after six weeks

By Our Labour Correspondent. A DISPUTE which shut nuclear reactors at Windscale in West Cumbria for six weeks was settled yesterday as the plant's safety was becoming a major issue. A mass meeting attended by about 2,500 of the 3,000 manual workers voted to start returning to work...

Talks could ease deadlock over Plessey closures

THE DEADLOCK between Plessey and its white-collar unions over the company's plans to close three factories and make 4,000 redundant at the beginning of June could be eased today. Union leaders are expected to advise a mass meeting at the Edge Lane, Liverpool headquarters...

Civil Service unions to discuss merger

PRELIMINARY TALKS on a civil servants. A previous close liaison between the association and the Society of Civil and Public Servants—which included shoring senior officials—disintegrated after the society's general meeting on March 3. The TUC in 1976...

Song contest decision likely to-day

A DECISION on whether the Eurovision Song Contest should be transferred to London because of a strike threat by cameramen will be announced today. The contest is scheduled to be staged at Wembley Conference Centre in North London on April 2...

Mine told to reinstate men

A BELFAST industrial tribunal has ordered the American-owned Irish Salt Mining and Exploration Company to re-employ 24 men who were dismissed last year after the company's management had ordered them to join a union...

Stetley finance director

Mr. P. Roberts has joined the Board of the STETLEY COMPANY as finance director. Sir David Nicholson, chairman of British Airways from 1973-76, has joined the board of TRADE WINDS AIRWAYS...

APPOINTMENTS

The Newcastle branch of Glynvill Entwoven & Co. which has been based at Glynvill Entwoven (Northern), has been formed into a company called GYLVILL ENTWOVEN (NORTH EAST). Its managing director is Mr. W. Barnes and Mr. R. C. Low...

Williams & Glyn's announces that the following rates will apply from and including Monday, 14th March. Base rate... 10 1/2% p.a. Deposit rate... 6 1/2% p.a.

Hill Samuel Base Rate. Hill Samuel & Co. Limited announce that with effect from to-day, Monday, March 14th, 1977, their Base Rate for lending will be reduced from 11 1/2 per cent. to 10 1/2 per cent. per annum.

Hill Samuel & Co. Limited 700 Wood Street London EC2P 2AJ Telephone: 01-628 8011

BANK OF SCOTLAND BASE RATE. The Bank of Scotland intimates that, as from 14th March, 1977, and until further notice, its Base Rate will be TEN AND ONE HALF PER CENT. PER ANNUM.

DO YOU HAVE A BULK-CARRIER? D.B. Turkish Cargo Lines will purchase one 7,000-8,000 dwt in accordance with the below general conditions: 1. Shipowners and shipyards may send a letter of authorisation...

COMPANY NOTICES. TRIUMPH TRIO KENWOOD CORPORATION (FORMERLY TRIO ELECTRONIC). DESIGNATED COUPON No. 28. Action required on or prior to 30th June 1977.

LEGAL NOTICE. UNILEVER N.V. The second half yearly dividend for 1976 of 0.10 D.G.D. per share is payable on 15th March 1977. To obtain this dividend certain shareholders must submit their certificates...

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PERSONAL. OVER 40,000 SCHOOLS ANNUALLY ESTABLISHED. Addressing and mailing by Merstham 2223. APPOINTMENTS WA. BODYGUARD. One or two-man experienced in Status Continental and Middle Eastern. Tel: 01-641 02.



# Barclays 1976

## Profits adequate but weak pound and high interest rates bring problems.

*The Annual General Meeting of Barclays Bank Limited will be held in London on April 6th, 1977. The following facts from the address to the Stockholders by the Chairman, Mr. Anthony Tuke, for the year 1976.*

Our profits this year at £197.9 million are at first sight satisfactory but we must take into account two main factors which have affected them, both of which from the point of view of our country are unwelcome. The most obvious is the substantial fall in the value of the pound since the end of 1975, a fall far greater than could possibly have foreseen in our most pessimistic mood but one which has had the effect of increasing the value of our overseas earnings. Equally important, and almost as regrettable, has been the sharp rise in interest rates in this country during the second half of the year. This has had a marked effect on the Clearing Bank, the extent of which was not wholly foreseen at the beginning of the year. But a weak pound and high interest rates with them problems for the future: the former is the biggest single handicap with which we, as an international bank, have to contend in a market in which we compete with rivals from the United States, Germany and Japan, all backed by strong currencies. So we would all prefer a strong pound at the expense of making our profits harder to earn. The unprecedented interest rates from which we have been suffering in this country have been caused partly by the Government's need to fund its deficit and we welcome reports that the Chancellor has announced that interest rates to fall during 1977. High rates cause difficulties in the lending field and have not helped our remaining customers who have yet to reach the shore. However, new provisions for 1976 are modest in relation to our support.

Inflation accounting is a subject which has had its full share of space in the newspapers and is an area in which the banks must state their case. We fully support the proposals whereby the effect of inflation on companies' profits is reflected in their Accounts. However, because our 'stock' is money, not goods or raw materials, the exposure draft leaves banks as the main industry whose accounts are virtually unaffected by the new system; all know that the current value of money is itself the measure of inflation and that holders of money are affected by inflation just as much—and perhaps more—than holders of any other asset. We cannot accept that what would be regarded as no more than adequate bank profits should remain unadjusted for the effect of the fall in the real value of the 'trading' stock and of our related capital, with all the resulting implications for taxation, price control and the evaluation of our performance. We have reason to hope, however, that steps will be taken during the next period to reduce the impact of this anomaly.

### Nationalisation

Although a great deal has been written already about the nationalisation of banks, I must inevitably add my own view. It is my belief that silence infers indifference.

When one looks at the nationalisation of banks, the views of the three main bodies of opinion are clear. These are the customers, which in effect means the public, our staff and our stockholders who, after all, are the present owners of the business. The views of our customers are well known and at least four-fifths of them would leave the banks as they are and continue to permit themselves the opportunity to cross the road if they do not like the service they are getting, and transfer their accounts to a competitor. The Prime Minister, himself, has expressed the strength of this feeling when he spoke of bank nationalisation as an electoral albatross. The views of our staff are also quite clear and this has been confirmed by the National Union of Bank Employees and the Staff Association, which between them represent the vast majority of men and women who work for us. They have stated they do not favour the nationalisation of banks. That leaves the stockholders and, although regrettably their views are not always listened to nowadays, we believe that the 140,000 or so holders of Barclays shares are not likely to exchange them for a Government stock. They are, we trust, reasonably happy, partly because we have not found it necessary to call on them for more money in the form of a rights issue since 1961 and in those 15 years the value of their original investment has almost quadrupled.

We hear a great deal nowadays on the subject of the social responsibility of companies, particularly of banks. The impression sometimes gets about that these are immensely powerful organisations which have no object in mind, namely, to take as much profit as possible from countries in which their money is invested. There may have been isolated cases when such an impression was not without foundation, but our Bank has, we believe, invariably made a social contribution in the countries in which it has operated. As an example, in 1970, Barclays Bank International created a Development Fund into which it has transferred 1 per cent of after-tax profits each year amounting so far to £135 million. The money is allocated mainly in Third World countries to support projects which seem desirable on economic or social grounds but which would not attract finance if judged from a purely commercial standpoint. We do not expect a return on this money and, indeed, a great deal of it goes in the form of grants. The formula was based originally on the 1 per cent of GNP, later redefined as 0.7 per cent, which the nations were asked to set aside for the Third World. Even at this reduced level only two of the developed countries currently exceed the target and, regrettably, we in Britain are now down to 0.37 per cent. We recognise, however, the special problems faced by governments in maintaining aid programmes and it is clear that the private sector must do what it can to help. The Bank's Development Fund has supported well over one hundred projects and it is intended that these should play a pump priming role for subsequent development. As an example, in the Fund is making possible the employment by a local company of a specialist who, in eighteen months, has managed a programme which has brought into rice production some 9,000 acres of undeveloped land.

### Southern Africa

As one of the 400 or so British corporate investors in South Africa we have frequently defended our position not to dispose of our investment. To do so would involve selling our holding in Barclays National Bank to a South African company. We cannot see how this could possibly help the Africans and it was encouraging to hear Mrs. Helen Suzman, a leading opponent of apartheid, confirm recently that withholding investment in South Africa would not change the present regime. Indeed we have been told by more than one independent source that our continued presence in South Africa has almost unanimous African support. We have not changed our view about the South African Government's apartheid policy which is morally and economically indefensible and it imposes unacceptable conditions on the majority of its citizens. There has been progress but it is much too slow and our duty as investors is to do what we can to accelerate that progress. It is a step in the right direction that Namibia (South West Africa) is to be granted full independence in 1978 and we hope the same can be said of Rhodesia, though at the time of writing the prospects of a peaceful transition seem to be receding. As soon as independence is granted, both in Namibia and in Rhodesia, we propose to form local subsidiary companies with, we believe, a proportion of the shares in due course held by Namibians and Rhodesians.

To trade as an international bank these days is not without its hazards and the Arab Boycott is a case in point. Although no less than 40 meetings of the Boycott Committee have taken place in the last 20 years, it is only recently that we have been under criticism and at their meeting in October, we were, we believe, placed on the list. We have never at any time had any form of direct communication from the Boycott Office in Damascus so it is difficult for us to state our case to the decision-makers and I will therefore try in this statement to do so. It seems to us that an international investor should base decisions on a long-term commercial strategy and should try to avoid the compromises which often stem from short-term and political considerations. Following the sequestration of our Egyptian operation in 1956 and the nationalisation in 1970 in Sudan, Barclays International had virtually no interest in the Middle East apart from Israel and our decision some four years ago to invest both directly and indirectly in Arab countries was taken as part of a long-term plan. Since then we have been granted permission to open branches in Abu Dhabi, Dubai and Sharjah and in addition we have invested \$5 million to take up a 50 per cent shareholding in Cairo Barclays International, our partners being the Banque du Caire. We have also opened a Representative's Office in Bahrain. Apart from these direct investments we have as a policy taken substantial participations in loans to Arab countries and our involvement has always been welcomed by the authorities who we feel sure have been aware of our long-standing presence in Israel which goes back some fifty years. Nevertheless, it is in the Arab countries that we have expanded and this policy has never at any time been criticised in Israel. In the last analysis, therefore, we are convinced that an international bank cannot submit to pressure of this sort and must work to support tolerance against intolerance. In this, we believe, we have the backing of many of our Arab banking friends.

### Electoral Reform

Until about 15 years ago Bank Chairmen often indulged in the luxury of commenting on the affairs of the nation. Since then the general trend has been that of a shoemaker sticking to his last, so our report to our stockholders confined itself to the affairs of the Bank. During recent months, however, bankers and others have been criticised, not least by some politicians, for overdoing the policy of keeping their heads below the parapet. As the Chairman of what is probably the most far-sighted of our international competitors said recently, the theory of 'nolo contendere' is no longer good enough. Unless communications have completely broken down, a bank with some 2,500 branch managers up and down the country should have some idea of what ordinary men and women are thinking and saying and the clear impression we get is that people are willing to submit to altogether stronger medicine than that which has been given to them during the past year in three separate mouthfuls. The Prime Minister in a number of impressive speeches has warned of sacrifices and unpleasant measures but when the measures are announced they amount to much less than anyone expected. Horace got it about right when he said 'Parturient montes nascetur ridiculus mus'. A single mouse is clearly an understatement when applied to expenditure cuts of £1,000 million in the coming year, but the largest saving is on the capital side which only postpones the problem.

It may be that we are now suffering the consequences of a situation in which political considerations sometimes seem to take precedence over everything else and where it is arguable that the more extreme views within Parliament carry proportionately much more weight than they do in the country as a whole. For this and other reasons we are one of a number of companies which have subscribed to the National Committee for Electoral Reform. We do not expect miracles overnight but public opinion is clearly moving towards a system which reflects more accurately the view of voters as a whole and removes the risk, however remote, that when crucial decisions are taken, the interests of the two main political parties could take precedence over the interests of the country.

### Future Prospects

It is never easy to peer into the future but there are obvious signs that we are moving towards a more comfortable balance of payments position, and a combination of the IMF loan and the 'Safety Net' for official sterling balances cannot fail to bring more stable conditions. The new investment which is so badly needed will probably have to wait until interest rates have fallen to more acceptable levels but there is a considerable cloud on the horizon in the shape of the number of people in this country who are anxious to work but remain unemployed. New investment will produce some new jobs in the short run but our long-standing problem of over-manning will mean, of necessity, that industrialists will endeavour to manage with less labour in the future. We learned in the 1930's of the distress caused to young people who had worked hard at school to obtain qualifications and who were quite unable to obtain any sort of job when they left. One can only hope that these days will not return but, during the next five years or so, this must be one of the major problems facing the Government. The economic state of the country inevitably has a bearing on the Bank's prospects, and whilst falling interest rates and a stronger pound may well make profits harder to earn, we hope that a general expansion of trade throughout the world will more than make up for this.

### Staff

With the Group network now extending to over seventy countries, we are served by over 90,000 staff of many different races, backgrounds and creeds. This is the nature of an international bank and it means that we are united in a common purpose—the prosperity of the Barclays Group. Although we may never meet more than a very small number of our colleagues, it is this shared aim that binds us together. Those who criticise multi-national companies forget the part that they play in securing unity across frontiers where otherwise there might be little common ground. All those who lead such companies are conscious of, and indeed depend on, these special links. With these thoughts in mind I am sure stockholders would wish to join with me in thanking all the staff of the Barclays Group who have worked so hard during the past year.

*Anthony Tuke*

Anthony Tuke, Chairman of Barclays Bank Limited.

BARCLAYS



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# FT SHARE INFORMATION SERVICE

## BRITISH FUNDS

Interest Due	Stock	Price	Last	Div.	Yield
30M	Shorts (Lives up to Five Years)	100.11	100.11	11.31	11.31
15M	15M Treasury 5% 1962-67	100.11	100.11	11.31	11.31
15M	15M Treasury 5% 1962-67	100.11	100.11	11.31	11.31
15M	15M Treasury 5% 1962-67	100.11	100.11	11.31	11.31
15M	15M Treasury 5% 1962-67	100.11	100.11	11.31	11.31

## CANADIANS

Dividend Paid	Stock	Price	Last	Div.	Yield
10M	Bank of Montreal	100.11	100.11	11.31	11.31
10M	Bank of Montreal	100.11	100.11	11.31	11.31
10M	Bank of Montreal	100.11	100.11	11.31	11.31

## BUILDING INDUSTRY - Continued

Dividend Paid	Stock	Price	Last	Div.	Yield
10M	James Watson & Co.	100.11	100.11	11.31	11.31
10M	James Watson & Co.	100.11	100.11	11.31	11.31
10M	James Watson & Co.	100.11	100.11	11.31	11.31

## DRAPERY AND STORES - Continued

Dividend Paid	Stock	Price	Last	Div.	Yield
10M	Woolworth	100.11	100.11	11.31	11.31
10M	Woolworth	100.11	100.11	11.31	11.31
10M	Woolworth	100.11	100.11	11.31	11.31

## ENGINEERING - Continued

Dividend Paid	Stock	Price	Last	Div.	Yield
10M	British Thomson-Houston	100.11	100.11	11.31	11.31
10M	British Thomson-Houston	100.11	100.11	11.31	11.31
10M	British Thomson-Houston	100.11	100.11	11.31	11.31

## INDUSTRIALS - Cont.

Dividend Paid	Stock	Price	Last	Div.	Yield
10M	British Petroleum	100.11	100.11	11.31	11.31
10M	British Petroleum	100.11	100.11	11.31	11.31
10M	British Petroleum	100.11	100.11	11.31	11.31

## BANKS AND HIRE PURCHASE

Dividend Paid	Stock	Price	Last	Div.	Yield
10M	Bank of England	100.11	100.11	11.31	11.31
10M	Bank of England	100.11	100.11	11.31	11.31
10M	Bank of England	100.11	100.11	11.31	11.31

## CHEMICALS, PLASTICS

Dividend Paid	Stock	Price	Last	Div.	Yield
10M	Imperial Chemicals	100.11	100.11	11.31	11.31
10M	Imperial Chemicals	100.11	100.11	11.31	11.31
10M	Imperial Chemicals	100.11	100.11	11.31	11.31

## ENGINEERING, MACHINE TOOLS

Dividend Paid	Stock	Price	Last	Div.	Yield
10M	Woolworth	100.11	100.11	11.31	11.31
10M	Woolworth	100.11	100.11	11.31	11.31
10M	Woolworth	100.11	100.11	11.31	11.31

## FOOD, GROCERIES, ETC.

Dividend Paid	Stock	Price	Last	Div.	Yield
10M	Woolworth	100.11	100.11	11.31	11.31
10M	Woolworth	100.11	100.11	11.31	11.31
10M	Woolworth	100.11	100.11	11.31	11.31

## INDUSTRIALS (Miscel.)

Dividend Paid	Stock	Price	Last	Div.	Yield
10M	British Petroleum	100.11	100.11	11.31	11.31
10M	British Petroleum	100.11	100.11	11.31	11.31
10M	British Petroleum	100.11	100.11	11.31	11.31

## INTERNATIONAL BANKS

Dividend Paid	Stock	Price	Last	Div.	Yield
10M	Bank of America	100.11	100.11	11.31	11.31
10M	Bank of America	100.11	100.11	11.31	11.31
10M	Bank of America	100.11	100.11	11.31	11.31

## BEERS, WINES AND SPIRITS

Dividend Paid	Stock	Price	Last	Div.	Yield
10M	Guinness	100.11	100.11	11.31	11.31
10M	Guinness	100.11	100.11	11.31	11.31
10M	Guinness	100.11	100.11	11.31	11.31

## CINEMAS, THEATRES AND TV

Dividend Paid	Stock	Price	Last	Div.	Yield
10M	British Broadcasting	100.11	100.11	11.31	11.31
10M	British Broadcasting	100.11	100.11	11.31	11.31
10M	British Broadcasting	100.11	100.11	11.31	11.31

## DRAPERY AND STORES

Dividend Paid	Stock	Price	Last	Div.	Yield
10M	Woolworth	100.11	100.11	11.31	11.31
10M	Woolworth	100.11	100.11	11.31	11.31
10M	Woolworth	100.11	100.11	11.31	11.31

## BUILDING INDUSTRY, TIMBER AND ROADS

Dividend Paid	Stock	Price	Last	Div.	Yield
10M	James Watson & Co.	100.11	100.11	11.31	11.31
10M	James Watson & Co.	100.11	100.11	11.31	11.31
10M	James Watson & Co.	100.11	100.11	11.31	11.31

## AMERICANS

Dividend Paid	Stock	Price	Last	Div.	Yield
10M	Bank of America	100.11	100.11	11.31	11.31
10M	Bank of America	100.11	100.11	11.31	11.31
10M	Bank of America	100.11	100.11	11.31	11.31

## COMMONWEALTH & AFRICAN FUNDS

Dividend Paid	Stock	Price	Last	Div.	Yield
10M	Commonwealth	100.11	100.11	11.31	11.31
10M	Commonwealth	100.11	100.11	11.31	11.31
10M	Commonwealth	100.11	100.11	11.31	11.31

## FOREIGN BONDS & RAILS

Dividend Paid	Stock	Price	Last	Div.	Yield
10M	Foreign Bonds	100.11	100.11	11.31	11.31
10M	Foreign Bonds	100.11	100.11	11.31	11.31
10M	Foreign Bonds	100.11	100.11	11.31	11.31

## RECENT LISTINGS

Dividend Paid	Stock	Price	Last	Div.	Yield
10M	New Listing	100.11	100.11	11.31	11.31
10M	New Listing	100.11	100.11	11.31	11.31
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10M	New Listing	100.11	100.11	11.31	11.31

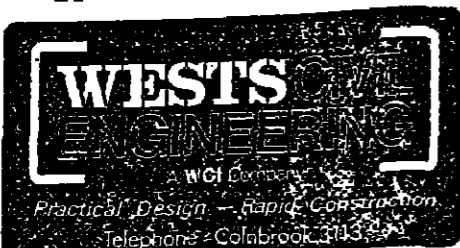
## RECENT LISTINGS

Dividend Paid	Stock	Price	Last	Div.	Yield
10M	New Listing	100.11	100.11	11.31	11.31
10M	New Listing	100.11	100.11	11.31	11.31
10M	New Listing	100.11	100.11	11.31	11.31

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THE LEX COLUMN

Benn faces energy policy struggles

BY ROY HODSON

MR. ANTHONY WEDGWOOD BENN, the Energy Secretary, faces a number of new rows about energy policy involving gas prices, electricity production and North Sea development.

Whitehall sources yesterday were expecting the 10 per cent increase in gas prices to be applied on April 1 as planned. Before then, however, Mr. Benn is likely to have a struggle with some of his Cabinet colleagues who support trade union criticism of the gas price rises.

Opponents to the proposed increases argue that to extract an extra £100m. from energy consumers from this spring will play havoc with the Government's campaign to hold prices. Mr. Benn accepts the view of his Energy Department that gas is priced too cheaply, thus causing a distorted energy market to the disadvantage of electricity and encouraging the too-rapid depletion of Britain's gas reserves.

A new coal industry crisis is arising, meanwhile, because of dwindling productivity in all the major coalfields. By the close of the National Coal Board financial year, the end of the month deep-mined coal production in 1976-77 is expected to have been between 106m. and 112m. tonnes compared with 112m. tonnes the previous year.

It will not fall below 100m. tonnes as some reports have suggested, but the expected decline of per cent is regarded as a disturbing new element in the energy strategy. The root cause is the miners' lack of interest in achieving higher output without a produc-

tivity scheme. The National Coal Board and the National Union of Mineworkers are pinning their hopes on achieving a new productivity scheme from August.

As the pay pressure builds up ahead of the miners' July conference—a demand for a top rate of £155 a week is already on the agenda from the moderate Nottinghamshire area. Mr. Joe Gornley, NUM president, is increasingly banking on a high-paying incentive scheme starting after the present phase of incomes policy. This could avoid a collision on pay if another phase of wage restraint, which the miners look unlikely to agree to, is approved by the TUC.

The Yorkshire area council of the union, which led the successful left-wing fight against a pit-based scheme three years ago, has refused an attempt by one branch, at Glasborough colliery, to get such a scheme even discussed. Left-wingers can be expected

to mobilise again to oppose local incentives as a threat to the unity of the union. However, the national scheme has failed to produce any extra money for the miners since the first quarter it was in operation. But NUM moderates believe that given the necessary safeguards for low-output pits and a good sales pitch, there will be no problem in winning agreement to pit-based proposals which are already being worked out.

During the past 12 months output per man-shift has been falling steadily month by month from nearly 45 cwt. to under 44 cwt. The new strategy for British coalmining recently approved by the Government, involves a £100m. investment in the mines over 25 years to raise output to some 170m. tonnes a year. The Government will find difficulty in sticking to that policy if production dips below 100m. tonnes a year in spite of the current capital investment in coal-mining of more than £300m. a year.

Conservationists may be given say in nuclear plant

BY DAVID FISHLOCK, SCIENCE EDITOR

PLANS to give environmental protection interests a say in the running of Britain's first big fast breeder reactor power station are circulating within the nuclear industry.

The suggestion forms part of proposals for the creation of a novel kind of organisation, representing wide-ranging interests, to manage what would be the most ambitious project ever attempted by the U.K. nuclear industry.

A 10-year project to build a 1,500 Mw station to demonstrate at full-scale a type of reactor expected to be in widespread demand before the end of the century is envisaged.

The twin aims of the proposal are to allay public disquiet about certain aspects of the fast breeder reactor, emphasised in a report on nuclear energy from the Royal Commission on Environmental Pollution last autumn, and to provide effective management of a project which could cost £1.5bn. or more.

The plans envisage a two-tier management structure in which a small, executive team composed of some of Britain's leading nuclear designers and project engineers would report to a larger supervisory Board.

The organisation would take account of six specific aspects of the project: (1) the need to knit into a team the handful of fast reactor experts in Britain; (2) the need to develop and procure novel kinds of plant; (3) the need for effective control of large amounts of public cash; (4) preparation of comprehen-

sive safety analyses to satisfy the Government's chief nuclear inspector; (5) selection of a site and related decisions such as whether—as the Royal Commission recommended—the project should be self-sufficient in fuel services; (6) collaboration with overseas countries.

Dr. Tom Marsham, acting managing director of the U.K. Atomic Energy Authority's reactor group at Risley and an architect of the proposal, said he believed such an organisation would allay public fears raised by the Royal Commission, for example, that commercial pressure from the electricity industry could lead to a cutting of corners on public safety.

Sir Brian Flowers, who headed the Royal Commission's inquiry, was one of 13 fellows of the Royal Society who signed its report released earlier this month, calling for an immediate start to be made on a big demonstration fast reactor power plant. Its conclusion was that an important part of the demonstration would be to show that British industry could build this complicated system safely and reliably.

Once proven, the demonstration station would be sold by the Government to the electricity supply industry at the cost of an equivalent amount of work in industry to develop a more conventional nuclear source. The £1.5bn. envisaged for the project assumes a basic cost of about £850m. for the plant, together with substantial sums for the continuing research programme (about £30m. a year), for pre-project development work in industry to develop novel manufacturing techniques (£160m.), and for contingencies.

Ozalid: inadequate explanations

Considering the circumstances, the agreed bid by Océan der Criterien for Ozalid has so far progressed remarkably smoothly. Control of a significant part of the U.K. office equipment supplies industry is about to pass overseas at a price which represents a large discount on net asset value; and on the recent stock market valuation, yet in public at least, there has been scarcely a squeak of protest. The offer closes in a fortnight's time, and on current form seems assured of success.

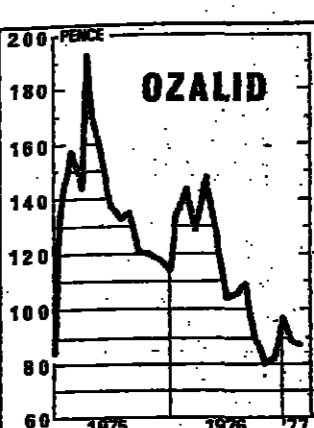
Of course, there is no doubt that without a takeover bid the shares would be way below the current 87p. That capitalises the company at £23m. compared with profits estimated at just £3.1m. pre-tax in 1976—and the immediate dividend outlook is extremely uncertain.

But the question is whether shareholders should consider a longer view. Ozalid's profits in the five years prior to 1976 averaged over £6m. pre-tax, its share price has been way over 100p for most of the past decade, and its balance-sheet position—though tight—is by no means desperate, with net assets of around £20m. and total debt of £19m. Until the disastrous 1973 performance was unveiled in February, the long-term viability of the business was not in question.

In marked contrast to previous statements, however, the chairman's letter in the offer document goes out of its way to emphasise Ozalid's weaknesses. Its research effort, which was described in glowing terms across three pages of the last accounts, is now compared most unflatteringly to Océ's. The need for a re-organisation of senior management is freely admitted, and the problems of the overseas subsidiaries are said to be such that consideration would have to be given to retrenchment if the group retained its independence.

But the details are extremely sketchy. There is no indication of how far the problems in 1976 were exceptional, and no explanation of the alarming jump of nearly 75 per cent in the group's debt over the year. There is no background on the £1m. Canadian loss, which only became fully apparent after the year-end, or on the rationalisation effort in the U.K., which the Monopolies Commission was told would cost £400,000 in 1976. The new plain paper copier, which nine months ago was said to be at an advanced stage of development, is not mentioned at all.

Discussions with Océ have been in progress for the best part of a year, during which time Ozalid's negotiating base in 1975 in respect of U.K. com-



panies operate seas, which was henceforth demand controls group is now to pre-tax for the month, which is £37m. in 1975—at the top end of the range.

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Money supply figures expected to show third consecutive fall

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

A FALL in the money supply for the third month running is expected to be confirmed this week in the last major series of economic indicators before the Budget on March 29. The statistics are also likely to show that inflation is still on an upward trend in the short term.

They are not likely significantly to change the official view of the immediate economic prospects, with weak consumer demand, a slow rise in output and a tight monetary squeeze. There will, however, be keen interest in whether the February trade figures, due to be announced this afternoon, can help to reduce uncertainty about the rate and extent of improvement in the current account this year.

The underlying trend has become more difficult to establish because of the erratic month-to-month figures. The current deficit has fluctuated to £27m., £15m. and £24m. in the last three months. The authorities have been reluctant to pro-

ject a move into surplus at an early date in 1977-78 as some non-Government forecasters have announced last Wednesday. The other indicators are more clear cut: the retail price index due on Friday, is likely to highlight the rise in both the underlying and annual rate of inflation as the higher import costs from last year's sterling depreciation work through.

Squeeze The rise in the index in the year to mid-January was 16.6 per cent. The problem for the Government in its pay talks is that no real sign of an improvement will appear until the summer, when the next stage will have started. There are hopes of a significant fall in the rate of inflation in the second half of the year.

The tight squeeze on the monetary aggregates following last autumn's measures and the recent successful sales of gilt-edged stock should be shown by the money supply figures and in the Bank of England Quarterly

Bulletin, both due on Thursday. The banking figures for the four weeks to mid-February, announced last Wednesday, indicated clearly that money supply on the wider definition (M3) would fall for the third month running. The total so far in the financial year is well within the range indicated by the forecast of an increase of 9.13 per cent in the year ending mid-April.

The Bank Bulletin should also confirm that the rate of domestic credit expansion is within the ceiling of not more than £9bn. for the current financial year. The bulletin will include its usual economic analysis and series of external and internal financial statistics. Other indicators due during the week are the index for retail sales in February (this afternoon), the industrial production index for January (to-morrow) and an estimate of Gross Domestic Product for the fourth quarter (on Friday).

Henley forecast Page 7

Callaghan praises Carter's vigour

BY JUREK MARTIN, U.S. EDITOR WASHINGTON, March 13.

MR. JAMES CALLAGHAN told U.S. television viewers to-day, at the end of his visit to North America, that he had received a high rate of U.S. economic growth.

In an interview recorded before he left for Canada, he called the U.S. Administration "vigorous, enterprising, and anxious to get up and go."

The Prime Minister said he would be conveying his impressions to other European leaders, some of whom have expressed misgivings about several of the policies of the new Administration.

Dr. David Owen, the Foreign Secretary, is understood to have got on extremely well with Mr. Cyrus Vance, his American counterpart. He was reportedly bowled over by what he perceived as President Carter's determination to translate basic beliefs into practical policies.

The consultations between Mr. Callaghan, Dr. Owen and the President in Washington appear to have flowed most favourably with that of Britain and strongly advanced billing. The word from London before the trip was that the British pair would be pressuring President Carter hard on

several topics—Concorde, renegotiation of the Bermuda Agreement on transatlantic air services and the need for a higher rate of U.S. economic growth.

The available evidence, however, suggests that the talks consisted mostly of exchanges of views. On Concorde, it is arguable that Mr. Callaghan was seeking to distance Britain from the vehement French protests and threats of retaliation if Concorde is denied New York landing rights.

A good portion of Mr. Callaghan's interview to-day was devoted to dispelling what he described as the "headline overstatement" that America on the state of Britain.

There was too easy a tendency to blame Socialism for Britain's problems and too great a willingness to overlook Britain's contributions in world affairs, he said. He contrasted the U.S. health care system favourably with that of Britain and strongly advanced billing. The word from London before the trip was that the British pair would be pressuring President Carter hard on

Britons in Uganda face new threat

BY MARTIN DICKSON

FRESH FEARS for the safety of the 400 Britons and 240 Americans in Uganda were aroused yesterday when the Government announced the two communities of sending false information out of the country and said it would put pressure on them to reveal the source of this information.

The accusations and threats were sparked off by an article in the News of the World, quoted by the BBC, which described the killing of a British pilot in Uganda. The article was written by Mr. Charles Balidawa, a Ugandan pilot. He and nine Ugandan girls being trained as pilots in Scotland are expected to apply to the Home Office this week for political asylum in Britain.

Uganda Radio denounced the BBC broadcasts and said that the British and American communities were apparently sending false information back to their countries. The radio said the Government would do everything possible to obtain the truth from the Britons and Americans. Loewen had been told to put them under surveillance.

The Ugandan accusations are the most threatening since February 25 when President Amin summoned the Americans and temporarily lighted them from leaving the country. But the meeting never took place. At the same time, the President accused Britain, the U.S.

and Israel of backing a plot to overthrow him. American concern that the British and Americans in Uganda were aroused yesterday when the Government announced the two communities of sending false information out of the country and said it would put pressure on them to reveal the source of this information.

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Weather

U.K. TO-DAY SHOWERS, heavy and prolonged in W. and N.W., with some sunshine.

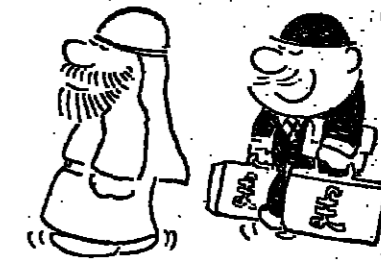
All England except Lakes and N.W., Channel Is., Wales. Sunny periods; showers, heavy in places. Max: 10-12C (50-54F).

Lakes, I. of Man, S.W., N.W., Scotland, Glasgow, Argyll, N. Ireland. Heavy showers, prolonged at times, bright intervals. Max. 9C (48-49F).

Sunny intervals, showers, perhaps heavy in places. Max. 9-9C (48-49F). Aberdeen, Moray Firth, N.E. Scotland, Orkney, Shetland. Cloudy. Showers, or longer outbreaks of rain. Max. 6-7C (43-45F).

Outlook: Changeable. Generally mild.

Table with columns for 'BUSINESS CENTRES' and 'HOLIDAY RESORTS'. Lists cities and their weather conditions.



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Leyland £30m. short of target

secretary of the Transport and General Workers' Union and also a member of the NEB, is appearing for the unions rather than the Board. But strenuous attempts by the Department of Industry have so far failed to change the committee's decision, that the session should be held in public.

Roy Hodson writes: Trading in iron and steel, which constitutes more than four-fifths of the materials used to make a motor car, is being hit as the ripple effect of the British Leyland strike spreads through industry. British Steel Corporation, the bulk steel supplier, and the private sector steel companies which supply specialised steels, are losing orders.

The average materials mix in a British Leyland vehicle is: sheet steel, 11 per cent; cast bar and billet, 11 per cent; cast iron, 15 per cent; other iron and steel, 3 per cent; rubber, glass, plastics, textiles, and miscellaneous materials, 17 per cent.

for the group, led by Guest, Keen and Nettleton, are cutting their raw materials ordering programmes. More than half the content of a car is sheet steel, which has a limited storage life. To be suitable for panel pressing, sheet steel has to be used within weeks of being milled by British

Steel, the only U.K. sheet maker. Leyland agreed with British Steel early in the week to supply deliveries of sheet steel. The material costs £200 a tonne and Leyland was facing the risk of accumulating stocks that would spoil during a long strike. Usually Leyland buys 5,000 tonnes a week.

Continued from Page 1 Singapore Ministry accused Mr. Davies of the Singapore Home Affairs Ministry contained "lies" which were "grossly libellous" and that his magazine had consulted its legal advisers. Mr. Davies' recitation of the conversation with Mr. Lee was "tendentious and selective." It was "bound to create ill-will and suspicion between the Prime Minister and Malaysian leaders."

The Malaysian Government has remained silent on the disclosures. Mr. Davies, however, issued a statement in Hong Kong on Saturday alleging that the statements by Mr. Senkuttuvan and Prime Minister.

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